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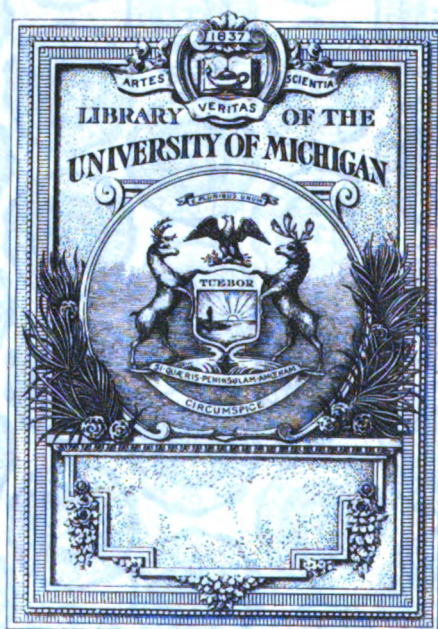
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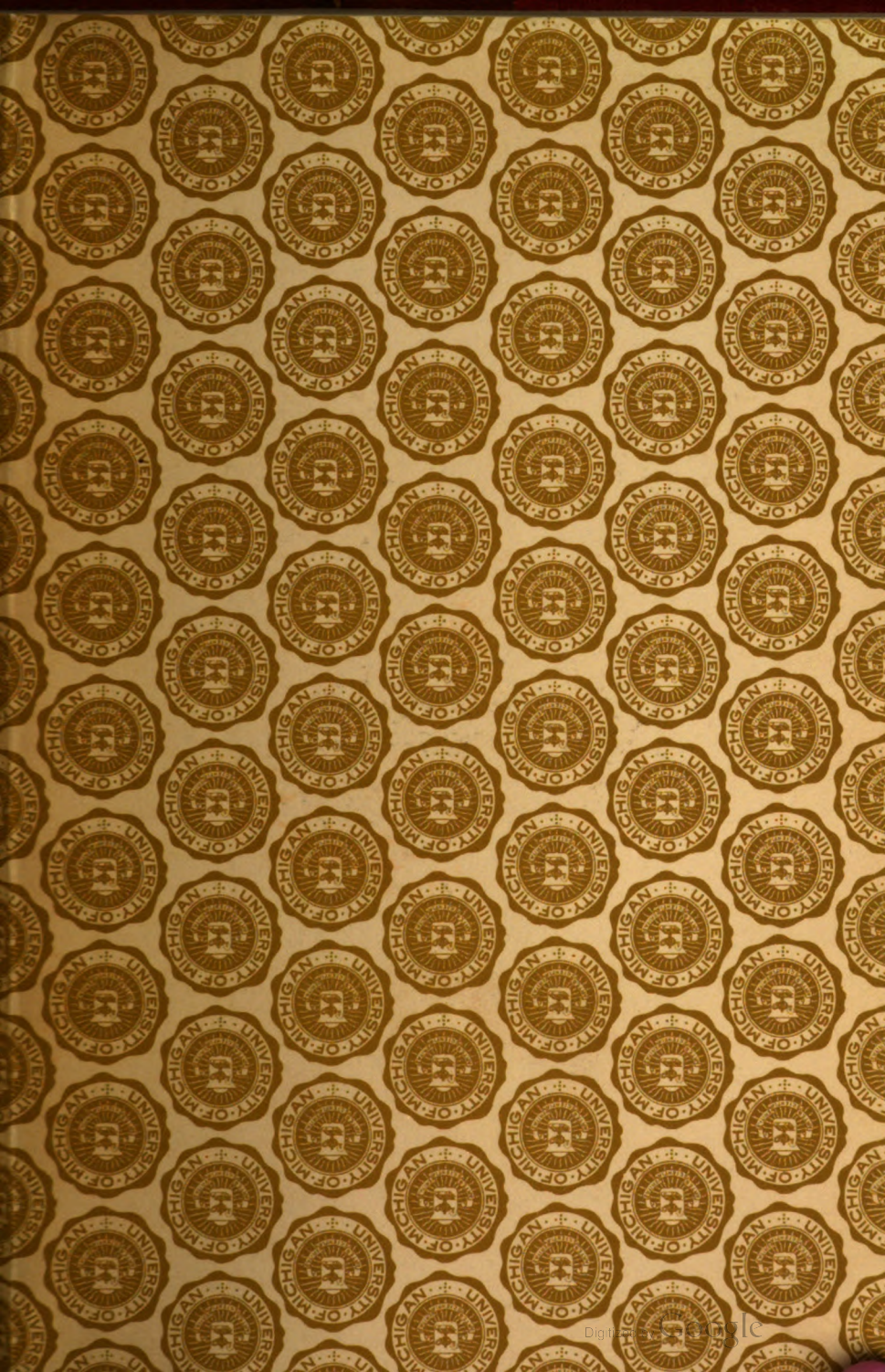
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RECENT CHANGES IN THE COUNCIL.

THE opening of the New Year has brought some changes in our Council, which it is desirable should be recorded in the pages of our *Journal*. Our members will all hear with great regret that Mr. J. Herbert Tritton has resigned the position of Chairman of the Council of the Institute, which he has held since the death of the late Lord Harrowby, as he feels that his health will no longer allow him to devote the time and attention which the duties of the office demand. No one has taken a keener interest in the affairs of the Institute or has displayed greater energy in furthering its welfare. He was one of that body of men, now much diminished, who formed the first Council of the Institute at its inception in 1879, and he has ever since continued to take an active share in its government and, to an extent which few realise, has devoted his wide experience and influential position to promoting and furthering its objects.

Mr. Tritton has the unique record of having been the only President who has served two terms, viz., from 1885-1887 and from 1902-1904, and his inaugural addresses have always been looked forward to and read with interest. Besides these addresses he has read various papers before the Institute, notably, in 1902, the paper on the Short Loan Fund of the London Money Market, which aroused considerable attention, and provoked a reply from Mr. A. C. Cole; and, in 1895, a paper called the Assault on the Standard, written in defence of the single gold monetary standard, of which Mr. Tritton has been an enthusiastic supporter. Moreover, Mr. Tritton has listened to and spoken upon many of the papers which others have read before the Institute at the London Institution, and the number of his attendances there and at the Council meetings must, it is believed, almost constitute a record.

Fortunately, Mr. Tritton is not going entirely to sever his connection with the Institute. We trust he will long remain one of our Vice-Presidents, and we all heartily wish that he may soon find himself in a position to resume an active share in its management.

Another resignation from the ranks of the Council is that of Mr. Henry Dean, who is retiring from active banking after fifty years' service with the London and County Bank. Mr. Dean has been a very active member of the Council for the past six years, and his thorough knowledge of all the details of banking routine has been of great value to the Council in deciding the answers to the "Questions on Points of Practical Interest" submitted by the members. We all wish Mr. Dean many years of enjoyment of his well-earned leisure. Mr. G. J. Rodolph, his successor in the London and County Bank, has been elected to fill the vacancy in the Council.

Two other changes have occurred through the resignation of Mr. Henry Smith and Mr. Alfred Buxton. Mr. Smith has retired from the London and Westminster Bank. He has been a member of the Council since 1897, and though unable to attend the Council Meetings as often as he could have wished, has always evinced great interest in the Institute. Mr. T. J. Russell, joint general manager of the London and Westminster Bank, has been elected in his stead. Mr. Buxton's resignation is due to the increasing pressure on his time caused by his duties in connection with the London County Council. This latter vacancy has been filled by the election of Mr. Robert Woodhams, joint general manager of the London and South Western Bank.

BANK AMALGAMATION.

CAPITAL AND COUNTIES BANK, LTD., AND MESSRS. BACON, COBBOLD AND Co.—Since the issue of our last number it has been announced that the Capital and Counties Bank have, as from January 1st, 1905, absorbed the old-established private firm Messrs. Bacon, Cobbold and Co. This latter firm, established as far back as 1786, had at the time of its acquisition five branches besides the Head Office in Ipswich, and deposits amounting on December 31st, 1903 to £818,987. It had also an authorised note issue of £27,689, which now lapses.

LOCAL GOVERNMENT AUTHORITIES AND THEIR RELATIONS WITH BANKERS.

By E. J. NALDRETT, Esq., Barrister-at-Law.

LECTURE I.

[*Delivered before the Institute on Wednesday, November 23rd, 1904.]

THE following is a summary of the facts and of the provisions of statutes and orders which formed the subject of Lecture I.

Introduction—Bankers, etc., as Treasurers—Bankers as lenders.

The relationship which exists between local government authorities and bankers is chiefly of a financial character. The transactions of these authorities involve the raising and disbursing, annually, of very large sums of money. They are increasing in extent year by year. The monies so received are usually placed by the authorities in the hands of a banker, bank manager, or officer of a bank or banking company, as their treasurer, for the purposes of safe custody and disbursement. Local authorities are also large borrowers of money on loan for the purpose of executing public works of a permanent character, the repayment of which is extended over a period of years. The loan transactions also show a marked increase in recent years, and the amount of the local debt and its rapid expansion is viewed by many persons, interested in municipal affairs, with feelings of apprehension. These monies pass through the hands of bankers who are interested, not for this reason only, but as lenders of large amounts to local authorities.

It will not, it is thought, be inappropriate to briefly refer to figures which appear in the Annual Local Taxation Returns for the year 1901-2, this being the most recent complete return of the kind issued, as they serve to show the magnitude of the monetary transactions of local authorities, and the importance of the subject under consideration.

Magnitude of financial transactions of local authorities—The existing local debt.

The sums received by the local authorities of England and Wales during the year 1901-2 amounted to £121,554,966, and the

* And at Liverpool, on Monday, November 7th, 1904.

sums expended to £121,239,955 (pt. VIII, p. 7). The sum of £46,438,764, or 38.2 per cent. of the total receipts during the year, was derived from public rates; £12,531,353, or 10.3 per cent., from local taxation grants, and other receipts from Imperial taxation; £15,358,143, or 12.6 per cent., from revenue produced from water, gas, electricity, and tramway undertakings; whilst £34,376,115, or 28.3 per cent., of the total receipts, was borrowed (p. 7). The expenditure includes a sum of £87,377,201, as being defrayed other than out of loans, and the sum of £33,862,754, as defrayed out of loans (p. 61). Of the total expenditure above mentioned, £18,336,837, or 15.1 per cent., was devoted to the repayment of borrowed monies, and the payment of interest on such monies. Some other of the more important items of expenditure may be referred to, viz., highways, bridges, etc., £15,417,299, or 12.7 per cent.; relief of the poor and the maintenance of pauper lunatics, £14,562,651, or 12 per cent.; Education, £12,627,493, or 10.4 per cent.; police, £5,680,561, or 4.7 per cent.; gasworks, tramways, electric lighting, waterworks, harbours, etc., together, £27,170,191, or 22.5 per cent., and sewerage and sewage-disposal works, £4,540,745, or 3.7 per cent. of the total expenditure (p. 7). The outstanding loans at the end of the year amounted to £343,416,582. Of this sum upwards of £159,571,388, or 46.5 per cent., had been borrowed for the purposes of undertakings which are, or may be, reproductive (p. 7). The figures are also interesting as indicating the extent to which municipal trading, rightly or wrongly, is carried on. The amount standing to the credit of sinking funds and other similar funds at the end of 1901-2, applicable to the repayment of such of the above-mentioned outstanding loans as were repayable by means of those funds was £12,106,686 (p. 8). The rateable value at the commencement of the year was, for purposes of poor rates and other rates, levied in the same manner as poor rates, £186,562,760 (including £23,947,447, the rateable value of agricultural land (p. 8)). Calculated on this basis, the average rate in the pound of the public rates, raised during the year, was 5s. 3.8d. in respect of houses and other properties assessable in proportion to full rateable value. Calculated on the basis of estimated population, the average amount of public rates raised was £1 8s. 6d. per head (p. 8). The sums received during the same year by local authorities from local taxation, duties, Government grants, and other receipts from Imperial funds, were equivalent, on an average, to 1s. 4.3d. per pound of rateable value, and 7s. 8.9d. per head of estimated population (p. 8). For the year 1894-5, the aggregate receipts amounted to £75,937,586, the aggregate expenditure to £73,096,462. The outstanding loans at the end of that year amounted to £235,335,049. In seven years, therefore, the increase in the debt has been more than £108,000,000. The rateable

value then amounted to £161,139,575. The average of the rates in the pound was 4s. 2.4d., and per head of the estimated population, £1 2s. 6d. For the year 1874-5, the outstanding loans at the end of that year amounted to £92,820,100 (p. 90). In 27 years, therefore, the increase of the outstanding loans has been £250,596,482. The average amount per head of population, of loans outstanding for the year 1874-5, was £3 18s. 3d.; for the year 1894-5, £7 16s. 4d.; and for the year 1901-2, £10 10s. 7d. (p. 112). These details fully bear out the statement made that the financial transactions of local authorities have assumed very large proportions, and that they are rapidly increasing.

Classes of Local Authorities.

The more important of the local authorities are the County Councils constituted under the Local Government Act, 1888; the Municipal Corporations, including County Boroughs, whose proceedings are regulated by the Municipal Corporations Act, 1882; Urban and Rural District Councils, authorities administering the Public Health Acts, and Parish Councils and Parish Meetings, constituted under the Local Government Act, 1894. The Metropolitan Borough Councils which supersede the Metropolitan Vestries and District Boards came into existence under the provisions of the London Government Act, 1899. There are also the Guardians of the Poor, established under the Poor Law Acts. The organisation powers and duties of these several classes of authorities differ in important particulars.

These differences affect such questions as the appointment of a treasurer, his duties, the financial arrangements, and the borrowing powers of an authority. It is necessary, therefore, to deal with the constitution, powers, and duties of each class of local authority, separately, so far as they relate to the matters above-mentioned, and so far as they are established or regulated by the general law. I shall not attempt to deal with the provisions of local Acts of Parliament which have no general application, or to describe the powers and duties of the London County Council, or the Corporation of the City of London. It should be remembered that many local authorities take advantage of their right to promote Bills in Parliament, and arm themselves with special powers.

Incorporation—Characteristics of Municipal Corporations—The Common Seal.

Almost all local authorities are corporate bodies, and, it should be borne in mind that the status and mode of procedure of a corporation are different in many respects from that of an ordinary person. The corporate body in some instances, as in the case

of an Urban District Council, is the Council itself ; in others, as in the case of a Municipal Corporation, under the Municipal Corporations Act, 1882, consists of a large body of corporators, who act through a council. The corporation has a name under which it does all corporate acts. Meetings of the councils are held for the transaction of business. The proceedings, and the records to be kept of them, are prescribed. The will of the majority is the will of the corporation, and binds the minority. They appoint officers to act on their behalf. In all important transactions, the act of the corporation is testified by affixing the Common Seal, without which the corporation would not be bound. Special powers to acquire and hold lands for the purposes of the corporation are conferred, so as to avoid the restrictions imposed upon corporations generally in this respect by the Statutes of Mortmain. These characteristics will be described in connection with each class of local authority. The general rule as to the necessity for the use of the Common Seal, in order to bind the corporation, has been stated as follows. It must be remembered, however, that the general rule is qualified by statute in the case of some local authorities. In "*Austin v. Bethnal Green (Guardians of)*," L.R. 9, C.P. 91, Lord Coleridge, C.J., said : "The rule of law is clear that, *prima facie*, and for general purposes, a corporation can only contract under seal, for the proper legal mode of authenticating the act of a corporation is by means of its seal. On this rule, however, certain exceptions have been grafted. The principle that governs these exceptions is conveniently stated in the case of '*Church v. Imperial Gas Light Co.*,' (6 A. & E., 846, at p. 861), by the Court of Queen's Bench, which statement is adopted by the Court of Exchequer in the case of '*Ludlow (Mayor of) v. Charlton*' (6 M. and W. 815, at p. 822). It is there stated that, wherever to hold the rule applicable would occasion very great inconvenience, or tend to defeat the very object for which the corporation was created, the exception has prevailed, hence the retainer by parole of an inferior servant, the doing of acts very frequently recurring, or too insignificant to be worth the trouble of affixing the Common Seal, are established exceptions."

In "*Lawford v. Billericay Rural District Council* (1903)," 1 K.B. 772, it was held that, where the purposes for which a corporation is created render it necessary that work should be done, or goods supplied to carry those purposes into effect ; if the work done, or goods supplied are ordered and accepted by the corporation, and the whole consideration for payment is executed, there is a contract to pay implied from the acts of the corporation ; and the absence of a contract under the seal of the corporation is no answer to an action brought in respect of the work done or the goods supplied. The importance, in almost all cases,

of having contracts with corporations under seal will be readily recognised.

Mode of Treatment of Subject.

Some indication of the reasons which led to the method of treatment of the subject here adopted may be useful. For the purposes of your business relations with ordinary natural persons, you have acquired information as to the capacity of the individual, and the acts by which he becomes legally bound. This information is not altogether a reliable guide for your dealings with local authorities, for your financial transactions with corporate bodies. A treasurer of a local authority is an officer of that authority, and it is of the utmost importance to him that he should be fully acquainted with his duties and liabilities, the extent of his powers in the discharge of those duties, and, further, to know the control which the authority is entitled to exercise over him, and by what acts they may legally express their decisions. To bankers, and those who enter into loan transactions with local authorities, knowledge of this kind is equally essential, as well as a knowledge of the borrowing powers of the several authorities. One of the objects of these lectures is to afford information on these points. After a careful consideration of the matter, the conclusion has been arrived at that the better plan will be to give an outline of the organisation of each class of local authority; some account of their powers and duties, their method of procedure as corporate bodies, the acts which bind them, their financial arrangements and borrowing powers, also information as to the appointment of a treasurer, with particulars of his powers, duties, and liabilities. Many statutes, statutory rules, and orders, issued by the Local Government Board, or other central authority, have been referred to in order to obtain this information. Each class of local authority has its separate code of laws and regulations. These statutes and orders are not the most attractive subjects of study, they are not remarkable for literary embellishments, and flights of the imagination are rigidly excluded. They are quite prosaic, but eminently useful; they are, in fact, the only sources of the information which it is desired to possess. Reference to the authorities will be found throughout the lectures, as showing the source of the particular provision or statement, and as affording facilities for a further investigation of the subjects treated.

County Councils.

County Councils came into existence under the provisions of the Local Government (England and Wales) Act, 1888 (51 & 52 Vict., c. 41). The effect of the Act was to create in every administrative county a council consisting of the chairman, aldermen, and councillors, to be entrusted with the management of the administrative

and financial business of the county (s. 1). The term "administrative county" is used so as to include certain parts of counties with a separate administration, and applies to the ridings of Yorkshire, the divisions of Lincolnshire, Sussex, and Suffolk, the Isle of Ely, the residue of the County of Cambridge, the soke of Peterborough, the residue of the County of Northampton, and the Metropolitan area comprising parts of Middlesex, Surrey, and Kent, which form the County of London (ss. 46 (1), 40 (1)). Certain large boroughs named in Schedule III of the Act, and having a population of not less than 50,000, or being a county in itself before the year 1888, became administrative counties, and are called county boroughs (s. 31). A few boroughs have been created county boroughs since the passing of the Act (s. 54 (1) (d)). These county boroughs retain their title and organisation as municipal boroughs, but they have, and are subject to, all the powers, duties, and liabilities of a county council, with certain modifications. The borough fund takes the place of the county fund. The provisions of the 1888 Act, with reference to the county treasurer, the constitution, election, proceedings, or position of the council, or the chairman thereof, the transferred powers as to county and other rates, and the financial provisions relating to county councils, contained in part IV of the Act, except a power to make advances for emigration purposes, have no application to county boroughs. The council of a county, and the members thereof, are to be constituted and elected, and to conduct their proceedings in a like manner, and to be in the like position as the council of a borough, divided into wards, subject, however, to certain modifications (s. 2 (1)). Clerks in holy orders, and other ministers of religion, though disqualified in a borough, and a peer, owning, or registered as a Parliamentary voter in respect of the ownership of property in the county, though not qualified in a borough, may become aldermen or councillors (s. 2 (2)).

Councillors—Electors.

The county is divided into electoral divisions, one councillor being returned for each division (s. 2 (2) (e)). The Local Government Board determine the number of councillors (s. 2 (3) (a)), and they may alter the number if they deem it expedient to do so (s. 55). The aldermen and councillors are called County Aldermen and County Councillors respectively. The latter are elected for a term of three years, and retire together (2 (c) (d)). In boroughs, the electors are the persons enrolled as burgesses under the Municipal Corporations Act, 1882, and amending Acts, and elsewhere by county electors, registered under the County Electors' Act, 1888 (s. 2 (4)).

*Councillor, Qualification of—Aldermen, Qualification of—
Chairman—Vice-Chairman.*

Every person entitled to vote at an election of county councillors is qualified to be elected (s. 2 (1), 45 & 46 Vict. 50, s. 11). A county alderman must be a councillor, or a person qualified to be a councillor. They are appointed by the councillors for a term of six years (45 & 46 Vict. 50, s. 14). The chairman is elected by the council from among the aldermen or councillors, or persons qualified to be such (s. 16). His term of office is one year (s. 15). By virtue of his office, he is a Justice of the Peace for the County (51 & 52 Vict. 41, s. 2 (5) (b)). A vice-chairman may also be appointed (s. 2 (6)).

Councillor, Disqualification of—Permitted interests.

In a municipal borough, a person is disqualified for being elected, and for being a councillor, if, and while, he be an elective auditor or revising assessor, or holds any office or place of profit other than that of mayor or sheriff in the gift or disposal of the council; or has directly or indirectly, by himself or his partner, any share or interest in any contract or employment, with, by, or on behalf of the Council, but not by reason only, of his having any share or interest in any lease, sale, or purchase of land, or any agreement for the same; or any agreement for the loan of money, or any security, for the payment of money only, or, any newspaper in which any advertisement relating to the affairs of the borough or council is inserted, or any company which contracts with the council for lighting, or supplying with water, or insuring against fire, any part of the borough, or, any railway company, or, any company incorporated by Act of Parliament or Royal Charter, or under the Companies Act, 1862 (45 & 46 Vict. 50, s. 12). This provision is made applicable to county councils (51 & 52 Vict. 41, s. 75). Disqualifications may arise under other statutes.

Incorporation and Proceedings.

A county Council is a corporate body, by the name of the County Council, with the addition of the name of the administrative county, and has perpetual succession and a common seal, and power to acquire and hold land for the purposes of their constitution, without licence in mortmain (s. 79 (1)). It has already been pointed out that the proceedings of a county council are to be conducted in the same manner as those of the council of a borough (s. 2 (1)). There are, therefore, to be four quarterly meetings in every year for the transaction of general business (45 & 46

Vict., c. 50, Sched. 2, r. 1). The chairman may call a meeting at any time (Sched. 2, r. 3). All acts of the council, and questions coming before them may be done and decided by a majority of such of the members as are present, and vote, at a meeting properly convened; the whole number present at the meeting, whether voting or not, not being less than one-fourth of the number of the whole council (Sched. 2, r. 10, & 51 & 52 Vict. 41, s. 75 (15)). Minutes of proceedings are to be entered in a book kept for the purpose, and to be signed by the chairman, or other member of the council (45 & 46 Vict. 50, s. 22 (5) and Sched. 2, r. 12). Standing orders for the regulation of proceedings and business, may be made, varied, and revoked by a council (Sched. 2, r. 13).

Committees—Joint Committees.

A county council may appoint committees generally, and delegate many of their powers to them, and in certain cases they may delegate powers to other authorities, but they may not delegate any power of raising money by rate or loan (51 & 52 Vict. 41, s. 28 (2) and (3), s. 75, and 45 & 46 Vict. 50, s. 22). The council may, from time to time, make, vary, and revoke, regulations respecting the quorum and proceedings of such committee, within which it is to exercise its authority (51 & 52 Vict. 41, s. 82 (1)). Every committee is to report its proceedings to the council by whom it is appointed, but to the extent to which the council so direct, the acts and proceedings of the committee, need not, as in the case of a municipal corporation, be submitted to the council for their approval (s. 82 (2)). The council may, with a court of quarter sessions, take part in the appointment of a joint committee (s. 81).

For the purposes of police, certain officers, and of matters required to be determined jointly by the quarter sessions and the county council, a standing joint committee is to be appointed jointly by these authorities (s. 30). Its acts and proceedings do not require to be submitted to the county council for approval. A member of the council is not to vote or take part in any discussion of any matter before the council, or a committee, in which he has directly or indirectly, by himself or by his partner, any pecuniary interest (45 & 46 Vict. 50, s. 22 (3)).

Inspection of Minutes and Orders for Payment.

The minutes of proceedings of the council are to be open to the inspection of a county elector on payment of a fee of one shilling, and he may make a copy thereof or take an extract therefrom; also of and from an order of the council for the payment of money (s. 233 (1) and (2)).

Powers and Duties.

The administrative, as distinguished from the judicial business, formerly transacted by the justices in quarter sessions, has been transferred to the county councils, and include the undermentioned matters:—The making of county and other rates; the making of the orders for payments out of the county stock or county fund; the preparation of the basis of the county rate (3 (1)); the borrowing of money (3 (2)); the passing of the accounts; and the discharge of the county treasurer (3 (3)); the provision of shire halls, county halls, assize courts, judges' lodgings, lock-up houses, court-houses, justices' rooms, police stations, county buildings, etc. (3 (4)); the provision, enlargement, maintenance, and management of asylums for pauper lunatics (3 (6)); the establishment and maintenance of, and the contribution to, reformatory and industrial schools (3 (7)); the maintenance of bridges and roads repairable with bridges (3 (8)); the appointment, removal, and determination of salaries, of the county treasurer and other officers (3 (9)); the division of the county into polling districts for parliamentary elections (3 (12)); the execution, as local authority, of the Acts relating to the contagious diseases of animals, to destructive insects, to fish conservancy, to wild birds, to weights and measures, and to gas-meters, and of the local Stamp Act, 1869 (3 (13)); any matters arising under the Riot (Damages) Act, 1886 (3 (14)); and other matters referred to in the section cited. The power is also given to county councils to appoint coroners (s. 5); a medical officer of health (s. 177); to purchase, erect, and maintain bridges (s. 6); and the maintenance, repair, enlargement, and improvement of main roads (s. 11). They may promote and oppose Bills in Parliament (s. (15), and 3 Ed. VII, c. 9). The legislature has, from time to time, imposed further powers and duties on county councils, of which the registration of motor cars, and the granting of licences to drivers, may be cited as an illustration; but by far the most important extension is that effected by the Education Act, 1902 (2 Ed. VII, c. 42). The provisions of that Act as affecting county councils will be presently referred to.

County Treasurer—Security—Remuneration.

The statute (12 George II, c. 29, ss. 6 and 7) provided for the appointment of a county treasurer by the justices of the county in quarter sessions assembled, and required him to give sufficient security, to be approved by the justices, also, that he was to be accountable for the moneys paid to him, and, if required, deliver true and exact accounts, upon oath, with vouchers. A later Act (55 George III, c. 51, s. 17) enabled the justices in quarter sessions

to provide proper remuneration, and to continue in office, or to remove the county treasurer. These powers have been transferred to, and will now be exercised by county councils (s. 3 (3) 10)). A treasurer appointed before the passing of the Local Government Act, 1888, by virtue of its provisions, became an officer of the county council (s. 118 (13)). He holds his office however, by the same tenure, and upon the same terms and conditions as before, and, while performing the same duties, he is to receive not less salary or remuneration (s. 119 (1)). If the county council so resolve, they may appoint the county treasurer under the provisions of s. 18 of the Municipal Corporations Act, 1882, and the above-mentioned enactments as to the appointment will be superseded (s. 75 (16) (e)). In that case, a fit person, not a member of the council, will be appointed treasurer, to hold office during the pleasure of the council. A vacancy in the office is to be filled within twenty-one days of its occurrence; the offices of clerk of the peace and treasurer are not to be held by the same person. The appointment should be under the seal of the county council. All costs incurred by the quarter sessions, or the justices out of sessions of a county, and all costs incurred by any justice, police officer, or constable, in defending any legal proceedings taken against him in respect of any order made, or act done, in the execution of his duty as such justice, police officer, or constable, to such amount as may be sanctioned by the standing joint committee of the county council and quarter sessions, and so far as they are not otherwise provided for, are to be paid out of the county fund, and the council of the county are to provide for such payment accordingly (s. 66). Any order of a court of quarter sessions, or of any justices or justice out of sessions, for the payment by the county treasurer of costs in criminal proceedings or of costs under the Act 48 Geo. III, c. 75, which provides that overseers of the poor are to bury dead human bodies cast up by the sea, or found in tidal or navigable waters, and be reimbursed their expenses by the county, is to be obeyed by the treasurer, and the county council are to cause the treasurer, or some other person on his behalf to attend at every court of quarter sessions, for the purpose of paying such sums as may be ordered by the court to be so paid (s. 67).

Funds of County Council.

All receipts of the county council, whether for general or special county purposes, are to be carried to the county fund, and all payments for general or special county purposes are to be made in the first instance out of that fund (68 (1)).

*General County Purposes—General County Account—Special
County Purposes—Special County Account—County
Rate—Accounts.*

The expression "general county purposes" means all purposes declared by Act of Parliament to be such, and all purposes, for contribution to which, the whole area of the administrative county is liable to be assessed; and the "general county account" is the account to which contributions so raised are to be carried. All expenses incurred by the council for general county purposes, and in the execution of their duties, which are not, by law, made special expenses, are general expenses. The expression "special county purposes" means any purpose, from contribution to which, any portion of the county is exempt, or where the expenditure is restricted to a part of the county; and "special county account" means any account of the county fund to which such contributions are carried. Costs incurred for special county expenses, are "special expenses" (68 (3)). If the monies standing to the general county account of the county fund are insufficient to meet the expenditure for general county purposes, county contributions may be levied to meet the deficiency, on the whole administrative county, and are to be assessed on all the parishes in the county (68 (4)). If the monies standing to any special county account of the county fund are insufficient to meet the expenditure for the special county purpose chargeable to that account, contributions may be levied to meet the deficiency, on any parishes liable to be assessed to county contributions for those purposes (68 (5)). Any precept may include, as separate items, a contribution for general county purposes, and a contribution for any special county purpose or purposes, and are to be assessed on the parishes liable in proportion to the annual value thereof, as determined by the standard or basis for the county rate (68 (6)). The Acts relating to the county rate are the County Rate Acts, 1852 (15 & 16 Vict. c. 81), and 1866 (29 & 30 Vict. c. 78), and the Agricultural Rates Act, 1896 (59 & 60 Vict. c. 16). The county council are to keep such accounts as will prevent the whole administrative county from being charged with expenditure properly payable by a portion only of the county, and will prevent any sums raised in a portion only of the county being applied in reduction of expenditure properly payable by the whole, or a larger part of the county; and will prevent any sum, by law specially applicable to any particular purpose, from being applied to any other purpose (68 (7)).

A proper proportion of the costs of the officers, and buildings, and establishment of the county council may be added to the

expenditure directly incurred for any general or special county purpose (s. 68 (8)). County contributions may be made retrospective in order to raise money for the payment of costs incurred, or having become payable at any time within six months before the demand of the contributions (s. 68 (9)). But for this provision, a retrospective rate would be illegal.

Section 279 of the Lunacy Act, 1890, provides that the accounts of every asylum belonging wholly or in part to a county council, and of the visiting committee and the officers thereof, are to be subject to the provisions of the Local Government Act, 1888, relating to the accounts of county councils. The accounts of the receipts and expenditure of county councils are to be made up for, and to the end of, each local financial year (s. 71 (1)), viz. : the twelve months ending the 31st day of March (73 (1)). The provisions of the Municipal Corporations Act, 1882, with respect to the return to the Local Government Board of the accounts of a council of a borough, and to the accounts of the treasurer of a borough, and to the inspection and making an abstract thereof are made to apply to county councils (71 (2)).

Treasurer's Accounts—Inspection.

Therefore, the treasurer is to make up his accounts to the end of the financial year, and, within one month from that date, to submit them, with the necessary vouchers and papers, to the district auditor, and, after the audit, print a full abstract of the accounts for that year (45 & 46 Vict. c. 50) (ss. 26 and 27). The treasurer's accounts are to be open to the inspection of the council, and a member may make a copy of, or take an extract therefrom. The abstract of the treasurer's accounts is to be open to the inspection of the county electors, and copies are to be delivered to a ratepayer, on payment of a reasonable price for each copy (s. 233).

Return to Local Government Board.

The clerk to the council is to make, within one month of the completion of the audit, a return to the Local Government Board of the receipts and expenditure of the council, for each financial year, in such form, and containing such particulars as that authority may direct (s. 28).

The Local Government Board are, from time to time, to give such orders, and make such arrangements as appear to them to be necessary for adapting enactments relating to accounts and the audit thereof, or to returns touching their receipts and expenditure (51 & 52 Vict. c. 41, s. 73 (2)).

Annual Budget.

At the beginning of every local financial year, a county council is to cause to be submitted to them an estimate of the receipts and expenses of such council during that financial year; whether on account of property, contributions, rates, loans, or otherwise. The Council are to estimate the amount which will be required to be raised in the first six months, and in the second six months of the said financial year, by means of contributions. If, at the expiration of the first six months of such financial year, it appears to the council that the amount of the contribution or rate estimated at the commencement of the year will be larger than is necessary, or, will be insufficient, the council may revise the estimate, and alter accordingly the amount of the contribution or rate (s. 74).

Precepts.

The county council issue precepts for the amount required from a parish, to the guardians of the union in which it is situate, who pay over to the county treasurer the amount required.

The guardians issue precepts to the overseers of the poor of the parish, including the amount required from the parish for county purposes. The overseers raise the amount by means of a poor-rate, and pay it to the treasurer of the guardians.

Payments and County Treasurer.

All payments to, and out of the county fund, are to be made to, and by, the county treasurer; and all payments out of the fund are, unless made in pursuance of the specific requirement of an Act of Parliament, or of an order of a competent court, to be made in pursuance of an order of the council, signed by three members of the finance committee present at the meeting of the council, and countersigned by the clerk of the council; and the same order may include several payments. Moreover, all cheques for payment of monies, issued in pursuance of such order are to be countersigned by the clerk of the council, or by a deputy approved by the council (s. 80 (1)). Any such order may be removed into the High Court of Justice, by writ of *certiorari*, and may be wholly or partly disallowed or confirmed according to the judgment and discretion of the court (s. 80 (2)).

Finance Committee—Payments.

Every county council is from time to time to appoint a finance committee for regulating and controlling the finance of

the county, and an order for the payment of a sum out of the county fund, whether on account of capital or income, is not to be made, except in pursuance of a resolution of the council, passed on the recommendation of the finance committee; and, further, except as to funds provided for the standing joint committee, any costs, debt, or liability exceeding fifty pounds is not to be incurred, except on a resolution of the council passed on an estimate submitted by the finance committee (s. 80 (3)). The notice of the meeting at which any resolution for the payment of a sum out of the county fund, otherwise than for ordinary periodical payments, or any resolution for incurring any costs, debt, or liability exceeding fifty pounds will be proposed, is to state the amount of the said sum, costs, debt, or liability, and the purpose in respect of which it is to be paid or incurred (s. 80 (4)).

The accounts of a joint committee, appointed under the Act, are deemed to be the accounts of the county council and their officers (s. 81 (6)).

Audit.

The accounts of a county council and of the county treasurer and other officers are to be audited by the district auditors appointed by the Local Government Board, in like manner as the accounts of an urban authority and their officers under sections 247 and 250 of the Public Health Act, 1875. These provisions, and all enactments applying to audit by district auditors, so far as they relate to an audit of the accounts of an urban authority and its officers, are to apply to county councils and their officers, with the necessary modifications (s. 71 (3)).

These applied provisions will be dealt with in detail in connection with urban district councils. It is unnecessary to give more than a brief reference to them here.

At least fourteen days' notice is to be given in a local newspaper circulating in the county, of the time and place of the audit, and of the deposit of a copy of the accounts made up and balanced, with all books, deeds, contracts, vouchers, etc., referred to in the accounts, in the office of the authority, seven clear days before the audit, for the inspection of all persons interested. Any ratepayer, or owner of property in the county may make objections to the accounts, and he has a right of appeal against allowances by the auditor, to the Local Government Board. The auditor is to disallow every item of account contrary to law, and surcharge the persons making or authorising the illegal payment; any deficiency or loss is to be charged against the person by whose negligence or misconduct it arose, and he is to enforce payment thereof. Any person aggrieved, may question a disallowance by an auditor, in the Court of King's Bench on a writ

of *certiorari*, or he may appeal to the Local Government Board against any allowance, disallowance or surcharge. The Local Government Board may uphold or reverse the auditor's decision; and may, in any case, in exercise of an equitable jurisdiction, remit any surcharge.

Local Taxation Account—Exchequer Contribution Account.

The Local Government Act, 1888, effected an important alteration in the system by which contributions in aid of local rates, are made by the Treasury. In accordance with the method then introduced, an account is kept at the Bank of England called the "Local Taxation Account," to which is paid, under regulations by the Treasury, the proceeds of certain local taxation licences, specified in the first schedule to the Act (s. 20 (1)). To these have been added licences for light locomotives, under the Locomotives on Highways Act, 1896 (59 & 60 Vict. c. 36, s. 8), and the grant of a portion of the probate duty (51 & 52 Vict. c. 41, s. 21), for which the Finance Act, 1894 (57 & 58 Vict. c. 30, s. 19), substituted a payment out of the proceeds of the Estate Duty derived from personal property. There has also to be paid to the Local Taxation Account, the annual grant under the Agricultural Rates Act, 1896 (59 & 60 Vict. c. 16), which is distributed half-yearly to the spending authorities in manner provided by that Act. A county council receives its proportion as a spending authority. Certain duties on spirits and beer, imposed by the Customs and Inland Revenue Act, 1890 (53 Vict. c. 8), called the local taxation (Customs and excise) duties, are also to be paid to the Local Taxation Account. A portion of this sum is applicable for the purposes of police superannuation. The residue is to be distributed between the county and county borough funds, as directed by s. 1 of the Local Taxation (Customs and Excise) Act, 1890 (53 & 54 Vict. c. 60). The amounts thus paid to the credit of the Local Taxation Account at the Bank of England are distributed under the direction of the Local Government Board in relief of local rates (51 & 52 Vict. c. 41, s. 22). The sums from time to time received by a county council are to be paid to the county fund, and carried to a separate account called the "Exchequer Contribution Account" (s. 23 (1)), from which it is to be applied or distributed among subordinate authorities in manner provided by the Act (ss. 23-26).

Borrowing Powers—Limitation of—Security.

A county council may from time to time, with the consent of the Local Government Board, borrow on the security of the county fund, and of any revenues of the council, or either of them, or

any part of the revenues, such sums as may be required, for consolidating the debts of the county, for purchasing any land, or building any building, which the Council are authorised by any Act to purchase or build, for any permanent work or other thing which the county council are authorised to execute or do, and the cost of which ought, in the opinion of the Local Government Board, to be spread over a period of years; for making advances to any person or bodies of persons, corporate or incorporate, in aid of the emigration or colonisation of inhabitants of the county, with a guarantee for the repayment of such advances from any local authority in the county, or the Government of any colony; and for any purpose for which quarter sessions or the county council are authorised by any Act to borrow (s. 69 (1)). The powers of the quarter sessions in respect of the borrowing of money have been transferred to county councils (s. 8 (2)). The consent of the Local Government Board, but not of any other authority, is required to the exercise by the county council of their borrowing powers; and the Local Government Board are required, before giving their consent, to take into consideration any representation made by any ratepayer or owner of property, rated to the county fund (s. 69 (1)). It is the general practice of the Local Government Board, before sanctioning a loan, to cause a local inquiry, after public notice, to be held by one of their inspectors and, at the inquiry, any person interested is allowed to appear and be heard. The power to borrow has its limitations. In cases where the total debt of the county council, after deducting the amount of any sinking fund, exceeds, or, if the proposed loan be borrowed, will exceed, the amount of one-tenth of the annual rateable value of the rateable property in the county, ascertained according to the basis or standard of the county rate, the amount may not be borrowed, except in pursuance of a provisional order made by the Local Government Board, and confirmed by Parliament (s. 69 (2)).

A loan is to be repaid within such a period, not exceeding thirty years, as the county council, with the consent of the Local Government Board determine in each case (s. 69 (5)).

Apparently, the Local Government Board, in determining the period for which loans are sanctioned by them, are guided by two main principles, viz.: that the period of the loan shall not exceed the period during which the works are likely to endure, and be of use for the purpose which they are designed to serve; and that the ratepayers of the future shall not be unduly burdened with local debt, and so rendered less able to discharge efficiently the larger duties that are likely to come upon them in the future (Parliamentary Paper, No. 234, Session 1902).

Loan, Mode of Repayment—Sinking Fund.

A loan is to be paid off either by equal yearly or half-yearly instalments of principal, or of principal and interest combined, or, by means of a sinking fund set apart, invested, and applied in accordance with the Local Loans Act, 1875, and the Acts amending the same (s. 69 (4)). The provisions of these Acts will be referred to later. The method of repaying loans by instalments of principal and interest combined has the advantage that, by means of a calculation, the proportions of principal and interest may be so adjusted that the yearly or half-yearly payments may be kept at the same figure throughout the period for which the money is borrowed, subject to some small variation in the amount of the deduction from the interest for income-tax.

Re-borrowing.

A county council may, from time to time, without any consent of the Local Government Board during the period which was fixed for the discharge of any loan, raised by, or transferred to them under the Act, borrow on the like security such amount as may be required for the purpose of paying off the whole, or any part of such loan, or, if any part of such loan has been paid off otherwise than by capital money (which includes any instalments, annual appropriations, and sinking fund, and the proceeds of the sale of land or other property, but *not* money previously borrowed for the purpose of repaying a loan), the amount so repaid may be re-borrowed. All money re-borrowed must be repaid within the period fixed for the discharge of the original loan, and every loan for re-borrowing for the purpose of ultimate discharge is to form part of the same loan as the original loan. The obligations of the council with respect to the discharge of the original loan, are not to be in any way affected by the re-borrowing (s. 69 (3) (4)).

Loans for Special County Purposes.

Where a loan is raised for any special county purpose, the sums payable in respect of the loan are to be charged to the special account to which the expenditure is chargeable (s. 69 (7)).

Stock—Debentures—Annuity Certificates.

Where a council is authorised to borrow any money on loan, they may raise it by one or several loans, and either by stock issued under the Local Government Act, 1888, or by debentures

or annuity certificates under the Local Loans Act, 1875; or, if special reasons exist for so borrowing, by mortgage, in accordance with sections 236 and 237 of the Public Health Act, 1875 (s. 69 (8)). Section 236 requires the mortgage to be by deed, truly stating the date, consideration, and the time and place of payment. It is to be sealed with the common seal of the local authority, and may be made according to the form in Schedule IV of that Act. Section 237 requires a register of the mortgage to be kept, and to be open for public inspection during office hours without fee or reward. Where a council have borrowed by means of stock, they are not to borrow by way of mortgage, except for a period not exceeding five years (s. 69 (9)). If the council borrow by debentures these may be issued for any amount not less than five pounds (s. 69 (10)).

Stock.

County stock may be created, issued, transferred, dealt with, and redeemed in such manner and in accordance with such regulations as the Local Government Board may from time to time prescribe. The regulations may provide for the discharge of any loan raised by such stock, and, in the case of consolidation of debt, for extending or varying the times within which loans may be discharged, and may provide for the consent of limited owners, and for the application of the Acts relating to stamp-duties and to cheques, and for the disposal of unclaimed dividends, and may apply for these purposes, with or without modification, any enactments of the Local Loans Act, 1875, and amending Acts, and of any Act relating to stock issued by the Metropolitan Board of Works, or by the corporation of any municipal borough. Such regulations become operative when confirmed by His Majesty by Order in Council, and after having been laid before Parliament, and no resolution having been arrived at that they ought not to be proceeded with (s. 70 (1-4)). County stock is a trustee investment under the Trustee Act, 1893 (56 & 57 Vict. c. 53, s. 1 (m)). The regulations now in force were made under Orders in Council dated September 26th, 1891, August 3rd, 1897, and August 8th, 1901. It is not necessary here to consider in detail the provisions of these regulations, they deal with the following matters:—

Creation and Change of Stock.—It may be issued at a price not lower (except when the Local Government Board otherwise consent) than ninety-five per centum. (Art. 2, 1891, and Art. 1, 1902), and is charged indifferently on the county fund and all the revenues of the council (Art. 4).

Consolidation of Loans.

Payment of Dividends.—Each year a sum is to be carried to an account of the county fund, entitled the Stock (Dividends) Fund Account, equal to the aggregate of all dividends payable during the year (Art. 6).

Redemption or Purchase and Extinction of Stock.—A sum is to be carried to an account of the county fund, entitled the Stock (Redemption) Fund Account, equal to the aggregate amount of all sums payable in the year for redemption and extinction, or purchase and extinction of the stock (Art. 9).

Conversion of other Securities into Stock.

Effect on Borrowing Powers.

Application of Money Raised.

Registration and Certificates.—The county council are to appoint an officer of the council, or any other person, or the Bank of England, or any other bank, or any banking or other company, as registrar for all, or any of the purposes of the regulations (Art. 18).

Transfer and Transmission of Stock.

Dividends.—Every warrant sent by post, as provided by Art. 33, at the risk of the stockholder, is to be deemed a cheque, and the county council and the registrars are, in relation thereto, to be deemed a banker within the Bills of Exchange Act, 1882 (Art. 33 (3)).

Stock Certificates with Coupons to Bearer—Receiver.

If, at any time, any dividend due on any stock remain unpaid for two months after demand in writing, the person entitled thereto may apply to the High Court for the appointment of a receiver (Art. 36).

A person taking or holding stock is not concerned to inquire whether it has been regularly created and issued in accordance with statutory or other powers of the council, or to see to the application of any money raised, or be answerable for any loss or misapplication thereof (Art. 37).

An annual return, with an abstract of the council's accounts, relating to stock, the redemption fund, and other accounts, is to be made to the Local Government Board (Art. 38).

Schedule A contains a number of forms which may be used for the purposes of the regulations. The form of the abstract of the Stock and Redemption Fund Accounts, is to be found in the order of the Local Government Board of the 5th April, 1902.

The Local Government Act, 1894 (56 & 57 Vict. c. 73, s. 12 (2)), provides that a county council may lend to a parish council any money which the latter are authorised to borrow, and may, if necessary, without the sanction of the Local Government Board, and irrespectively of any limit of borrowing, raise the money by loan, subject to the conditions, and in the like manner as any other loan for the execution of their duties, and subject to any further conditions the Local Government Board may by general or special order impose. The further conditions are to be found in a general order dated November 5th, 1895. One of these provides that the money so lent is to be repaid by the parish council by equal yearly, or half-yearly instalments of principal, or of principal and interest combined.

Education Authorities.

The council of every county and of every county borough are the education authority for the purposes of the Education Act, 1902 (2 Ed. VII, c. 42), both as regards higher and elementary education, subject to the provision that the council of a borough with a population of over 10,000, and of an urban district with a population of over 20,000, are as respects the borough or the urban district, the local education authority, for the purpose of Part III of the Act, which relates to elementary education only (s. 1). The council of a non-county borough and of an urban district may, by agreement with the council of the county, and with the approval of the Board of Education, relinquish its powers and duties under the Act in favour of the county council (s. 20).

Higher Education.

With regard to higher education, the local education authority is to consider the educational needs of its area, and to take such steps as seem desirable, after consultation with the Board of Education, to supply, or aid the supply of education other than elementary, and to promote the general co-ordination of all forms of education. The council may use the residue under the Local Taxation (Customs and Excise) Act, 1890, and spend such further sums as they think fit for these purposes; but they may not raise in any year, out of the rates, an amount exceeding that which would be produced by a rate of twopence in the pound, or such higher rate as the council, with the consent of the Local Government Board, may fix (s. 2). The council of any non-county borough or urban district are to have power as well as the county council, to spend such sums as they think fit for the purpose of supplying or aiding the supply of education other than elementary. The amount raised for the purpose in

any year out of the rates is not to exceed the amount which would be produced by a rate of one penny in the pound (s. 3).

Elementary Education.

With regard to elementary education, the local education authority are to have, throughout their area, the powers and duties of a school board, and school attendance committee, under the Elementary Education Acts, 1870 to 1900, and any other Acts, and are to be responsible for, and to have the control of, all secular instruction in public elementary schools not provided by them (s. 5). The local education authority, if the council of a county, are to, and when a borough or urban district council, may, appoint managers for all public elementary schools provided by them, and they are to appoint a proportion of the managers for such schools as are not provided by them (s. 6). They are to maintain and keep efficient all public elementary schools within their area which are necessary, and as regards schools not provided by them, subject to certain conditions (s. 7). They are to provide new schools (ss. 8 and 9). The local education authority will receive the aid grant provided by the Act in lieu of grants under earlier Statutes, money arising from endowments and school fees, if any (ss. 13 and 14), also all receipts in respect of any school maintained by them, including any Parliamentary grants (s. 18 (2)).

Education Committee.

Any council having powers under the Act are to establish an education committee or committees in accordance with a scheme to be made by the council and approved by the Board of Education. The council are to appoint persons of experience in education, and persons acquainted with the needs of the various kinds of schools in the area, from among its own members or from outside. The council are to appoint at least a majority of the committee, and the persons so appointed are to be members of the council, unless, in the case of a county, the council otherwise determine. All matters relating to the exercise of powers under the Act, except the power of raising a rate or borrowing money, are to stand referred to the education committee, and the council are, unless the matter is urgent, to receive and consider the report of the committee before acting. The council may delegate any of their powers under the Act, except that of raising a rate or borrowing money (s. 17).

Disqualifications of Members.

Any person is disqualified for being a member of an education committee who, by reason of holding an office or place of profit,

or having any share or interest in a contract or employment, is disqualified for being a member of the council appointing the committee. A person is not disqualified by reason only of holding an office in a school or college, aided, provided, or maintained by the council. Joint education committees may be appointed (s. 17).

Expenses.

The expenses of a council are, so far as not otherwise provided for, to be paid, in the case of a council of a county, out of the county fund; and, in the case of a council of a borough, out of the borough fund or rate, or, if no borough rate be levied, out of a separate rate to be made, assessed, and levied in like manner as the borough rate; and in the case of a council of an urban district, other than a borough, in manner provided by Section 33 of the Elementary Education Act, 1876, as respects the expenses mentioned in that section, viz.: the poor rate (s. 18).

A county council may charge expenses incurred by them for other than elementary education on particular parishes served by the school or college, in respect of which the expenses are incurred. They are not to raise any sums for expenses under Part III of the Act, in any borough or urban district, the council of which is the local education authority for the purposes of that part. The council are to charge not less than one-half or more than three-fourths of any expenses incurred in respect of capital expenditure or rent, on account of the provision or improvement of any elementary school, on the parish or parishes served by the school. They are not to raise less than one-half or more than three-fourths of expenses incurred to meet the liabilities, on account of loans or rent, of any school board transferred to them, exclusively within the area which formed the school district, and in respect of which the liability was incurred. (s. 18).

Accounts.

Borough councils are to keep separate accounts of their receipts and expenditure under the Act, and these are to be made up and audited in like manner and subject to the same provisions as the accounts of a county council; and the enactments relating to the audit of those accounts, and to all matters incidental thereto, and consequential thereon, including the penal provisions, are to apply in lieu of the provisions of the Municipal Corporations Act, 1882, relating to accounts and audit (s. 18).

Audit.

The district auditor provided by the Local Government Board will therefore audit the accounts, under this Act, of municipal

boroughs, as well as county and urban district councils. When, under any local Act, the expenses incurred in any borough for the purpose of the Elementary Education Acts, 1870 to 1900, were payable out of some fund or rate other than the borough fund or rate, the expenses of the council of the borough, under this Act, are still to be paid out of that fund or rate. The accounts of the receipts and payments of any education committee, or managers of any public elementary school, under the Act, are to be the accounts of the education authority, and the auditor is to have the same powers with respect to managers as he would have if the managers were officers of the education authority (s. 18).

Borrowing Powers.

A council may borrow, for the purpose of the Education Acts, in the case of a county council, as for the purposes of the Local Government Act, 1888, and in the case of a county borough, borough, or urban district, as for the purposes of the Public Health Acts; but the money borrowed by a county borough, borough, or urban district is to be borrowed on the security of the fund or rate, out of which the expenses of the council under the Act are payable. Money so borrowed is not to be reckoned as part of the total debt of a county, under Section 69 of the Local Government Act, 1888, or as part of the debt of a county borough, borough, or urban district for the purpose of the limitation on borrowing under Section 234 of the Public Health Act, 1875 (s. 19). The Education (Provision of Working Balances) Act, 1903 (3 Ed. VII, c. 10), provides that a local education authority may, with the consent or sanction of the Local Government Board, borrow under Section 19 of the Education Act, 1902, or, in such other manner as that Board may approve, such sums as, in the opinion of that Board, are required to provide a working balance, for carrying that Act into effect, and the consent, or sanction, or approval so given, is to be conclusive as to the power of the local education authority to borrow.

In cases where a local education authority have advanced money to a school board, and the liabilities of that school board are transferred to the authority under the Education Act, 1902, the discharge of any liability in respect of such monies is a purpose for which the authority may borrow under Section 19 of the Act (Sched. II, r. 6), and the Local Government Board order, January 7th, 1904. This order applies only where the district of the superseded school board is wholly within that of the authority to which its liabilities were transferred.

Education Act, 1902—Treasurer of Education Committee.

In a circular letter, dated 24th April, 1903, addressed to county councils, the Local Government Board state that they consider that the accounts of the receipts and expenditure of the council, as local education authority, should be kept as separate and distinct parts of the county fund account, with subdivision to show separately, receipts and expenditure in respect of higher and elementary education respectively. The Board state that they are advised that, having regard to the requirements of Section 80 of the Local Government Act, 1888, the council cannot delegate to a committee the power of making orders upon the county treasurer for the payment of money, that it will be competent, however, for the council, instead of making all payments themselves, to place at the disposal of the education committee funds, the amount of which has been determined by the council, on the recommendation of the finance committee, after consideration, except in cases of urgency, of a report of the education committee upon the subject, made in pursuance of Sec. 17 (2) of the Act of 1902. Such report might contain an estimate of the financial requirements of the committee for a given period. The Board also point out that the council have power, under Section 35 of the Education Act, 1870, as amended, to appoint necessary officers for education purposes, and that, if under these provisions a treasurer to the education committee is appointed, it would seem, that in the absence of any special direction of the council, the arrangements for the drawing of orders upon him for payments, out of the monies placed at the disposal of the committee, would be within the discretion of the committee. In subsequent circulars, dated 6th and 9th May, 1903, with respect to county boroughs and other boroughs with a population of over 10,000, and urban districts with a population of over 20,000, respectively, the Local Government Board express the opinion that it will be competent for the council either to make all payments themselves, or to place funds at the disposal of the education committee, also, in each case, the council may appoint a treasurer to the education committee under the above-mentioned provision.

Officers Transferred.

It has been pointed out that the property, rights, powers, and liabilities of school boards have been transferred to the councils acting as local education authorities, and exercising the powers of the school boards (Sched. II (1)). The officer of any authority whose property, rights, etc., have been transferred to any council is transferred to, and becomes the officer of that council. The

office may, however, be abolished by the council, if they deem it unnecessary. Every officer so transferred is to hold his office by the same tenure and on the same terms and conditions as before the transfer, and, while performing the same duties, he is to receive not less salary or remuneration than theretofore, but if any such officer be required to perform duties which are not analogous to, or which are an unreasonable addition to those which he is required to perform at the date of the transfer; he may relinquish his office, and any officer who so relinquishes his office, or whose office is abolished is to be entitled to compensation. These provisions apply to treasurers appointed by school boards (Sched. II (16) and (17)).

By Section 5 of the Education Act, 1902, school boards were abolished, that is, dissolved, for all purposes, as from the appointed day, and by Section. 25 and Sched. II, Clause I, the property as well as the powers, rights, and liabilities of the school board were transferred to, that is, vested in, the new local education authorities, without the necessity for the execution of any further instrument (*Oldham Corporation v. Bank of England*, 20 T. L. R., 787).

THE WORK OF THE LONDON BANKERS' CLEARING HOUSE DURING THE YEAR 1904.

THE following table gives the amounts presented through the London Bankers' Clearing House during the past year, and in all previous years for which records have been preserved :—

Years.	Total Clearings.	On Fourths of the Months.	On Consols Settling Days.	On Stock Exchange Account Days.
	£	£	£	£
1839	954,402,000	49,105,000	36,035,000	99,573,000
1868	3,425,185,000	155,068,000	134,552,000	523,349,000
1869	3,626,396,000	169,729,000	149,932,000	564,935,000
1870	3,914,220,000	176,137,000	163,230,000	634,914,000
1871	4,826,034,000	211,095,000	210,647,000	806,356,000
1872	5,916,452,000	256,899,000	246,922,000	1,015,959,000
1873	6,070,948,000	272,156,000	249,755,000	1,038,257,000
1874	5,936,772,000	265,427,000	260,244,000	1,010,456,000
1875	5,685,793,000	245,810,000	251,572,000	1,043,464,000
1876	4,963,480,000	225,936,000	225,948,000	761,091,000
1877	5,042,383,000	232,630,000	228,254,000	744,085,000
1878	4,992,398,000	217,753,000	227,241,000	795,443,000
1879	4,885,937,000	213,348,000	225,381,000	842,937,000
1880	5,794,238,000	236,809,000	255,224,000	1,151,867,000
1881	6,357,059,000	253,133,000	278,864,000	1,383,430,000
1882	6,221,206,000	238,150,000	278,387,000	1,228,916,000
1883	5,929,404,000	239,080,000	254,620,000	1,058,703,000
1884	5,798,555,000	242,659,000	268,352,000	960,623,000
1885	5,511,071,000	221,873,000	249,327,000	935,084,000
1886	5,901,925,000	215,519,000	263,497,000	1,198,557,000
1887	6,077,097,000	256,469,000	297,199,000	1,145,842,000
1888	6,942,172,000	272,091,000	332,470,000	1,252,466,000
1889	7,618,766,000	290,117,000	351,690,000	1,338,842,000
1890	7,801,048,000	289,107,000	358,598,000	1,416,543,000
1891	6,847,506,000	264,501,000	314,807,000	1,067,403,000
1892	6,481,562,000	260,422,000	299,405,000	1,022,764,000
1893	6,478,013,000	268,084,000	300,478,000	1,002,664,000
1894	6,337,222,000	261,547,000	301,448,000	964,455,000
1895	7,592,886,000	283,610,000	345,446,000	1,304,679,000
1896	7,574,853,000	290,681,000	380,354,000	1,162,866,000
1897	7,491,281,000	302,123,000	362,610,000	1,113,612,000
1898	8,097,291,000	331,267,000	402,861,000	1,231,847,000
1899	9,150,269,000	359,088,000	403,042,000	1,544,295,000
1900	8,960,170,000	372,463,000	438,125,000	1,339,571,000
1901	9,561,169,000	392,279,000	484,047,000	1,582,624,000
1902	10,028,742,000	385,160,000	570,337,000	1,566,755,000
1903	10,119,825,000	382,285,000	593,605,000	1,456,775,000
1904	10,564,197,000	445,281,000	597,160,000	1,536,586,000

Again, and for the fourth year in succession, the clearings show an increase, amounting this time to £444,372,000. The total now arrived at is the highest yet reached, a result also shown in each of the three previous years successively. About one-third of the whole increase is derived from the forty-eight special days, the other two-thirds being spread over the two hundred and sixty-one ordinary days.

The Stock Exchange Settling Days show an increase of £79,811,000, giving a total of £1,536,586,000—a figure still below those of 1901 and 1902. Consols Settling Days, though only £3,555,000 above their total of the previous year, are again the highest on record. The Fourths of the month show an increase of £62,996,000, a result due not so much to an increase of inland bills as to the conjunction of two Consols Settling Days, and one double day succeeding a Bank Holiday. The Country Cheque Clearing, the figures of which have always been included in the returns, and have been shown also separately during the last three years, give only the moderate increase of £1,340,000, their total for the year being £886,209,000. In the following table the daily averages of all the various classes of days are given, enabling comparison to be made more easily.

DAILY AVERAGES.—In Millions of £.

	Ordinary Days.	Fourths of Months.	Consols Settling Days.	Stock Exchange Settling.	All Days.
1839	2·9	4·1	4·5	4·1	3·1
1868	10·0	12·9	11·2	21·8	11·1
1869	10·5	14·1	12·5	23·5	11·8
1870	11·3	14·6	13·6	26·4	12·7
1871	13·8	17·6	17·5	33·6	15·7
1872	16·9	21·4	20·6	42·3	19·2
1873	17·3	22·7	20·8	43·3	19·7
1874	16·9	22·1	21·7	42·1	19·3
1875	15·9	20·5	20·9	43·5	18·5
1876	14·4	18·8	18·8	31·7	16·1
1877	14·9	19·4	19·0	31·0	16·4
1878	14·4	18·1	18·9	33·1	16·2
1879	13·9	17·8	18·8	35·1	15·9
1880	14·4	19·7	21·2	48·0	18·8
1881	17·1	21·1	23·2	57·6	20·6
1882	17·2	19·8	23·2	51·3	20·2
1883	16·8	19·9	21·2	44·1	19·2
1884	16·6	20·2	22·3	40·1	18·9
1885	15·8	18·5	20·8	38·9	17·9
1886	16·2	17·9	21·9	49·9	19·1
1887	16·8	21·3	24·8	47·7	19·7
1888	19·6	22·7	27·7	52·2	22·5
1889	21·7	24·2	29·3	55·8	24·7
1890	22·1	24·0	29·9	59·0	25·3
1891	20·1	22·0	26·2	44·5	22·8
1892	18·8	21·7	24·9	42·6	21·0

DAILY AVERAGES—continued.

	Ordinary Days.	Fourths of Months.	Consols Settling Days.	Stock Exchange Settling.	All Days.
1893	18.9	22.3	25.0	41.8	21.1
1894	18.6	21.8	25.1	40.2	20.6
1895	21.8	23.6	28.8	54.4	24.7
1896	22.1	24.2	31.7	48.5	24.6
1897	22.1	25.2	30.2	46.4	24.5
1898	23.5	27.6	33.6	51.3	26.2
1899	26.4	29.9	33.6	64.3	29.8
1900	26.3	31.0	36.5	55.8	29.2
1901	27.4	32.7	40.3	65.9	31.1
1902	29.4	32.1	47.5	65.3	33.1
1903	29.7	31.9	49.5	60.7	33.0
1904	30.6	37.1	49.8	64.0	34.2

From the circular issued by Lord Avebury, the Chairman of the London Clearing Bankers, we quote the following interesting particulars:—

The largest amount cleared on one day in 1904, was on the 30th November, viz.: £96,708,000, and is the largest amount passed through in one day with the exception of the 15th May, 1901, when the total was £109,143,000, and an increase on the highest total in 1903 of £21,813,000. The smallest amount on any one day in the past year was £21,385,000, on 26th August, which is £205,000 less than the smallest total in 1903. The largest weekly total in 1904, was for the week ended 6th July, viz.: £263,021,000, and the smallest for the week ended 14th September, viz.: £149,391,000. The largest weekly total in 1903, was £263,297,000, and the smallest £128,774,000. With the exception of January and July, all months show increases as compared with 1903, and February, March, May, June, August, October, November, and December are record totals against corresponding months in previous years, while December, with a total of £964,497,000, is the highest total of any month on record, the smallest monthly total for the year 1904, was September, viz.: £774,209,000. The past year had two working days more than 1903, viz.: the 29th February and one in December, consequent upon Christmas Day falling on a Sunday. January, May, July and October, each had one working day less than in 1903, whilst February, March, June, August, November and December each had one more.

The amounts passed through the Clearing House on Consols Settling Days during the past year again exceed any previous record by £3,555,000 and amount to £597,160,000, the total for 1903 (the previous record year) being £593,605,000. The highest amount on 1st July, £66,421,000, exceeds the previous record Consols Settling Day, viz., 1st July, 1903, by £5,172,000. The smallest amount on Consols settling in 1904 was on the 1st Sep-

tember, £38,843,000, and compared with 1st September, 1903 (the smallest total for 1903), shows a decrease of £2,086,000.

The Fourths of the Month show an increase of £62,996,000, as compared with 1903, making the record total of £445,281,000, an increase of £53,002,000 over 1901 (the previous record year). It should, however, be noted that in the year under review two fourths, viz., August and November, were Consols Settling Days, and the 4th April, falling on Easter Monday, the bills due on that day were included in the work of the 5th, a day succeeding a Bank Holiday; these three days account for £40,782,000 of the above-named increase as compared with the three corresponding days in 1903. The highest total on any fourth of the month in the year 1904 was in April, £48,161,000, and the lowest in September (Saturday the 3rd, the 4th falling on a Sunday, bills due the 4th were paid on the 3rd), £23,791,000.

The Stock Exchange Settling Days show an increase of £79,811,000 over 1903, the total of £1,536,586,000 is, however, £46,038,000 less than the record year of 1901, viz.: £1,582,624,000. In this connection it is interesting to note that the increase is made up in the last three months of the year; at one time, viz.: in August, the decrease compared with an equal period in 1903 was as much as £50,518,000; during the later months, however, this gradually disappeared until the above-named increase was attained. The highest total on any one Stock Exchange Settling Day in 1904 was £96,708,000 on the 30th November, and is second only to the record day on the 15th May, 1901, £109,143,000. The smallest Stock Exchange Settling Day total in 1904 was on the 10th March, £48,737,000, this is £1,962,000 better than the lowest total in 1903, viz.: on the 11th September, £46,775,000.

The Country Cheque Clearing can only be regarded as stationary, the small increase of £1,340,000 being somewhat out of proportion to the large increase in the Town Clearing, the growing disposition to treat Cheques on Branches situated near to the Metropolis as "Suburban" probably has, for the time being, checked the progress of the Country Cheque Clearing figures, although it should be noted that there is no indication of any decrease in the number of cheques cleared. The following months show increases, viz.:—February, March, June, August, November and December, the remainder small decreases. The highest monthly total in the Country Cheque Clearing was October, with £78,959,000, and the lowest September, with £67,870,000. The highest weekly total was for the week ended 6th July, viz., £20,121,000, and the lowest for the week ended 6th April, £12,409,000; this, however, was not a full working week, as Good Friday and Easter Monday are included, the smallest complete week of six working days was the week ended 31st August with a

total of £14,202,000. The highest amount paid on any one day in the Country Cheque Clearing in the year 1904 was the 5th October (Settlement of the 3rd October)—£4,745,000; and the lowest the 27th December (Settlement of the 23rd December)—£1,951,000.

We conclude, as usual, with a table showing the totals paid in each month during the past ten years, and another giving, for the same period, the rates which each month's clearings bears to the average monthly clearing of each year. During the past year the second half was decidedly better than the first half, whilst, in the year that has been dropped out of the table, namely, 1904, the ratio of the first six months was 102.46, and that of the second six months 97.54.

TABLE SHOWING THE TOTALS PAID EACH MONTH.—1895 TO 1904.

(Millions of £).

—	1895.	1896.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	1904.
	£	£	£	£	£	£	£	£	£	£
January	609	654	637	718	801	808	869	905	928	888
February	564	622	594	646	764	692	774	832	813	843
March	598	625	639	701	787	790	790	781	837	871
April	588	587	579	659	754	707	797	881	820	846
May	647	640	608	667	784	735	866	843	885	888
June	568	662	577	653	780	731	773	816	853	876
Total for 1st 6 } months	3,574	3,790	3,634	4,044	4,670	4,463	4,869	5,057	5,136	5,212
July	710	697	653	688	825	788	876	920	926	907
August	660	587	624	623	722	712	735	762	791	823
September	611	570	581	632	687	659	693	777	772	774
October	734	676	675	692	741	778	814	872	877	950
November	682	614	645	668	746	782	788	791	772	934
December	622	641	679	750	759	778	786	850	846	964
Total for 2nd 6 } months	4,019	3,785	3,857	4,053	4,480	4,497	4,692	4,972	4,984	5,352
Total for Year ...	7,593	7,575	7,491	8,097	9,150	8,960	9,561	10,029	10,120	10,564

Table showing the variation from the average (=100) of the totals paid each month, from 1895 to 1904, inclusive.

—	1894.	1896.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	1904.	—	Average 1894-1904.
January	96.16	103.58	102.31	106.49	104.92	108.18	109.09	108.24	110.04	100.86	Jan. ...	103.00
February	89.09	98.61	95.21	95.83	100.25	92.72	97.15	99.58	96.43	95.79	Feb. ...	96.10
March	94.54	99.08	102.11	103.84	103.17	105.86	99.07	93.48	99.21	98.93	March.	99.93
April	92.99	92.97	92.82	97.62	98.96	94.69	100.05	105.37	97.24	96.11	April...	96.91
May	102.27	101.40	97.50	98.82	102.85	98.37	108.71	100.93	104.89	100.83	May ...	101.68
June.....	89.73	104.83	92.52	96.73	102.24	97.88	97.03	97.51	101.16	99.49	June...	97.92
Average for first 6 months	94.18	100.08	97.08	99.89	102.03	99.62	101.85	100.85	101.50	98.67	—	99.60
July	112.15	110.46	104.58	102.00	108.19	105.52	109.91	110.12	109.85	102.99	July ...	107.58
August	104.25	92.99	99.95	92.39	91.65	95.34	92.30	91.15	93.74	93.54	Aug....	95.04
September	96.60	50.20	93.18	93.63	90.07	88.30	86.92	92.98	91.58	87.94	Sept....	91.15
October	116.03	107.10	108.28	102.58	97.23	104.13	102.19	104.29	104.00	107.88	Oct....	105.38
November	107.77	97.18	103.46	98.96	97.89	104.77	98.85	94.60	91.49	106.05	Nov....	100.12
December	98.36	101.58	108.07	111.08	97.56	104.21	98.70	101.76	100.36	109.58	Dec....	103.14
Average for second 6 months	105.86	99.92	102.92	100.11	97.92	100.38	98.15	99.15	98.50	101.33	—	100.40

NOTES ON RECENT ADDITIONS TO THE LIBRARY.

*The Law of Savings Banks.**

By J. Y. WATT, with an introduction by E. W. BRABROOK, C.B.

MR. WATT'S book has come at an opportune time, for the recent decision of the Lancashire and Yorkshire Bank to open a Savings Bank Department cannot but awaken fresh interest in the legal position and responsibilities of these institutions. The increasing severity of the competition for deposits by others than bankers on the one hand, and on the other, the difficulty which the Post Office Savings Bank and other similar institutions experience in avoiding loss, combine to present a problem which has engaged the attention of bankers for some years. Mr. Watt, who is one of our members, gives a very full list of the statutes directly and indirectly governing savings banks, from the Act of 1828 down to the recent Act of the year just past. Besides a clear and well-arranged exposition of the statute law, the book contains copious references to the awards of the Registrar of Friendly Societies, which have not previously been collected and published.

Banking and Currency.†

By ERNEST SYKES, with an introduction by F. E. STEELE.

THIS book, intended mainly for students, covers rather a wide range of subjects, including, as it does, chapters on currency theory and history, the theory, practice, and law of banking, the foreign exchanges and the Stock Exchange. It is necessarily somewhat compressed, but it should give the reader a working knowledge of the subjects treated, which can be supplemented where necessary by a reference to the authorities mentioned in the bibliography contained at the end of the work. The book is the outcome of a series of lectures delivered before the London Chamber of Commerce during the winter of 1903-4, and, inasmuch as the supply of reliable text-books on banking subjects is rather limited, it should find a welcome.

* London : Butterworth & Co., 1905, 20s.

† London, Butterworth & Co., 1905. 5s. net.

LEGAL DECISIONS AFFECTING BANKERS.

CHANCERY DIVISION.

(Before Mr. Justice Warrington.)

Times, December 23rd, 1904.MIDLAND COUNTIES DISTRICT BANK (LIMITED) *v.* ATTWOOD.

This was a motion for an injunction to restrain the defendant, a former employé of the plaintiff company, from committing a breach of an agreement for service of November 10th, 1891, which raised an important question as to the effect of a voluntary winding-up on contracts of this nature. The facts were as follows:—By an agreement of November 10th, 1891, between the plaintiff bank, by its then name of the Nottingham and District Bank (Limited), of the one part and the defendant of the other part, the defendant agreed to serve the bank as manager of their branches at Ilkestone and Eastwood “or elsewhere, and in the same or such other capacity as the said bank shall direct.” By Clause 2 of this agreement it was provided that the defendant should not “during the continuance hereof engage in any other business or calling whatsoever without the previous written consent of the said bank.” After providing for the salary that was to be payable to the defendant, and for the termination of the agreement by one calendar month’s notice on either side, Clause 7 was as follows:—The defendant “shall not within a year of the termination of this agreement, whether by notice or under the terms of the next clause,” enter into the service of or in any way act for any bank carrying on business within a radius of five miles of Ilkestone, of Eastwood, or any branch of the said bank to which the defendant might hereafter be appointed as manager. A sum of £500 was also fixed as liquidated damages in case of any breach by the defendant of this clause. By Clause 8 the bank were empowered to put an end to the agreement in the event of the defendant being guilty of misconduct in connexion with his duties. The defendant ceased to be manager of the Ilkestone and Eastwood branches and became, and until quite recently continued to act as, the manager of the plaintiffs’ branch bank at Derby. By an agreement of November, 1904, the Birmingham District and Counties Banking Company (Limited) agreed to acquire the whole of the assets, undertaking, and goodwill of the plaintiff bank as from December 31st, 1903,

and for this purpose it became necessary to wind up the plaintiff bank, and accordingly by a special resolution, duly passed and confirmed on November 18th and December 3rd, 1904, it was resolved that the plaintiff bank be wound up voluntarily, and that two named persons should be appointed liquidators to adopt the agreement of November, 1904, and carry the same into effect on behalf of the plaintiff bank. The defendant was instructed to assist in the transfer of the business to the Birmingham District and Counties Banking Company (Limited), but on December 3rd, 1904, he left the plaintiffs' branch bank at Derby, and subsequently entered the service of the Nottingham Joint Stock Bank (Limited), for the purpose of opening and managing a new branch bank for that company at Derby. On December 5th the plaintiff bank gave the defendant a month's notice to determine their agreement of service with him, and commenced the present action to restrain the defendant from acting for the Nottingham Joint Stock Bank (Limited), or any other banking company at Derby or within five miles round, in breach of his agreement with the plaintiff bank of November 10th, 1891. The Birmingham District and Counties Banking Company (Limited) was also a plaintiff in the action.

Mr. R. J. Parker appeared for the plaintiffs.

Mr. G. LAWRENCE, for the defendant, raised the point of law that the voluntary winding-up of the plaintiff bank operated as a wrongful dismissal, which though putting an end to the agreement, created a state of things not provided for or contemplated by the agreement, and consequently that the restrictive provisions of Clause 7 did not apply. The nature of the argument and the cases principally relied on are sufficiently stated in the judgment of the learned Judge. The case was argued on Friday and Saturday last, and at the conclusion of the arguments his Lordship reserved his judgment, which he delivered yesterday.

Mr. JUSTICE WARRINGTON, after stating the facts as above, continued:—On these facts the plaintiffs would plainly be entitled to the relief they seek, unless the defendant has some defence in point of law. The only defence relied upon is founded upon the contention that the voluntary winding-up of the employing company operated in itself as a wrongful dismissal of the servants of the company, including the defendant, and that he is not, under the circumstances, bound by the restrictive provisions of Clause 7. The question I have to determine is whether this defence is well founded. It is well settled that an order for the compulsory winding-up of a company operates as a notice to dismiss the servants; and it has been decided by the Court of Appeal that the appointment by the Court of a receiver and manager in a debenture-holder's action has the same effect—

"Reid v. Explosives Company (Limited)" (19 Q.B.D., 264). In order to determine whether a voluntary winding-up is to have that effect, one must consider what there is in the events I have mentioned which could terminate the agreement of service. It is contended by Mr. Lawrence that it is the change in the nature of the business carried on by the employer. On the other hand, it is contended by Mr. Parker that the change in the nature of the business is immaterial; that the circumstances in the cases I have mentioned which cause the termination of the relation is the change in the personality of the employer; the latter is, in my opinion, the correct view. If the business had ceased altogether that would have been no breach by the employer of his agreement with the servant, provided he had continued to pay his salary—see "*Turner v. Sandon*" (1901, 2 Q.B., 653); and it seems to me, therefore, that the change from a going banking business to one that is being carried on with the view to a beneficial winding-up could not have the effect contended for. On the other hand, a change of personality certainly puts an end to the contract of service. See "*Brace v. Calder*" (1895, 2 Q.B., 253). This change of personality appears to me to take place in a compulsory winding-up. The business is from the date of the winding-up order carried on by the Court for the purpose of liquidation with the assistance of the Official Liquidator, who is an officer of the Court. Is there, in a voluntary winding-up, a change in the personality of the employer? In my opinion there is not. In that case the assets of the company remain under the control of the company; the liquidator is an officer of the company; the business may even be continued by the directors, if either the company or the liquidators so think fit. The governing section of the Companies Act, 1862, as to the effect of a voluntary winding-up on the *status* of the company is section 131, which runs thus:—"Whenever a company is wound up voluntarily, the company shall from the date of the commencement of the winding-up cease to carry on its business, except in so far as may be required for the beneficial winding-up thereof." Those later words imply that for the beneficial winding-up of the company the company does continue to exist. Then the section, after providing that transfers of shares and alteration in the *status* of members shall be void, continues, "but its corporate state, and all its corporate powers, shall, notwithstanding it is otherwise provided by its regulations, continue until the affairs of the company are wound up." If, therefore, there is no authority binding me to decide otherwise, I should be prepared to hold that the voluntary liquidation did not operate to dismiss the servants of the company. Is there any such authority? The only case referred to as such is *Shirreff's* case in L.R., 14 Eq., 417, and it is quite true that in that case Lord Romilly said:—"I

am of opinion that the resolution to wind-up the company *ipso facto* put an end to Shirreff's employment as manager, and was equivalent to his dismissal." But the point was not argued. It was assumed that Shirreff's employment had been determined, as, in fact, it had been, for not only had the company been wound up, but Shirreff himself had been appointed liquidator and received £400 for his services. The only question that was argued was whether he was entitled to prove for a certain sum payable to him under the articles of association in case he should be dismissed from his office as manager. I cannot, therefore, regard that case as an authority binding me to decide contrary to my own opinion. In "*Reid v. Explosives Company*" there had been an appointment of a receiver and manager by the Court in a debenture-holder's action, followed by a voluntary liquidation, and Mr. Justice Manisty had held—but for what reasons I cannot ascertain—that the latter event had operated to dismiss the plaintiff, who had been in the service of the defendant company, but it was unnecessary to decide the point, because the same learned Judge decided that the appointment as a receiver and manager had had that effect; and in the Court of Appeal the point was not decided, and I infer that Lord Esher, at all events, inclined to the view that, inasmuch as in a voluntary liquidation, the liquidator is appointed by, and is an officer of the company, there would not be such a change in the personality of the employer as to dismiss the servants. On the whole, I am of opinion that the defence fails, and that the injunction must go as asked by the notice of motion.

QUESTIONS ON POINTS OF PRACTICAL INTEREST.

THE Council desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which, after careful deliberation, the Council have approved:—

Joint Account—Receipt for Interest.

QUESTION 2010.—In the case of a joint deposit account in the names of two or more persons, is the signature of any one of

them alone sufficient upon a receipt for interest; as, for instance, the custom *re* dividend warrants of joint holdings?

ANSWER : No.

Banker's lien—Warrant in Banker's hands.

QUESTION 2011.—At the request of its customer, a country bank asks its London agent to pay a sum of money not exceeding £2,000 to a certain firm on application, in exchange for an iron-warrant. On receipt of the iron-warrant the bank debits its customer and credits its London agent. Before the banker parts with the iron-warrant it hears that its customer has failed.

Has the bank a lien on the iron-warrant?

ANSWER : Yes.

Overdrawn Account—Paying Bill or Cheques.

QUESTION 2012.—A customer of a country bank hands over the counter an amount for the credit of his current account, together with an advice note to pay an acceptance of his due at that office the same day. His account is already overdrawn to the limit allowed, and, during the day, cheques are presented and paid to the amount of the payment to credit, while the acceptance is returned marked "Refer to acceptor."

As no remark was made when the advice note was handed in, is the banker justified in paying the cheques and returning the bill?

ANSWER : Yes.

Cheque—Endorsement—Head Office for Branch.

QUESTION 2013.—The following cheque, drawn on the Bank of Clayton, is endorsed "For the Blankshire Bank, Ltd., J. Jones, "Manager."

Clayton, December 1st, 1904.

To the Bank of Clayton, Clayton.

Pay to the Blankshire Bank, Blanktown, or order
Twenty Pounds.

£20

The Melton Trading Co.

The cheque is crossed "The Blankshire Bank, Ltd., London. "a/c The Keytown Mining Co.," and again "Blankshire Bank, Ltd.."

The cheque bears no evidence of having come through the Blanktown branch, and does not seem to have been endorsed by them, but by the Head Office. The cheque is returned by the Clayton Bank, marked "Endorsement irregular."

Is this correct?

ANSWER: No; the endorsement by the Head Office manager is sufficient.

Fictitious or Non-existing Person.

QUESTION 2014.—A cheque payable to "Poor Rate or order" was endorsed "J. Inkpen, Collector of Poor Rate," and returned "Endorsement irregular."

A second presentation was made and exemption from endorsement claimed under section 7, s.s. 3 of the Bills of Exchange Act, 1882.

(a) Does this section apply to such a payee?

(b) If not, was not the paying banker justified in requiring confirmation of the endorsement?

ANSWER: (a) No. (b) Yes. Such an endorsement is generally accepted.

Notaries—Presentment after Business Hours.

QUESTION 2015.—It is a common practice for notaries to make their presentments of dishonoured bills after business hours.

It frequently happens that the presentment is made to a messenger or caretaker, and sometimes the notary's ticket bears the answer "Bank closed for the day."

According to the Bills of Exchange Act, presentment for payment must be made at "a reasonable hour on a business day."

It may happen that a bill previously dishonoured is provided for when the notary makes his presentment, but payment to him is not possible when he presents it in the evening, long after the office is closed, and possibly all the officials have left.

What is the effect of notarial presentments of this nature, and, if they are not legal, as required by the Act, what is the use of paying notaries to perform such services? Is it not probable that a protest made under such conditions could be upset in a Court of Law?

ANSWER: Such presentations are quite in order.

1905.

WEEKLY RETURNS.

In £'s sterling, 000 omitted thus :—£1,000 = £1,000,000.

For the weeks ending }	1904. July 27. 1	1904. Aug. 3. 2	1904. Aug. 10. 3	1904. Aug. 17. 4	1904. Aug. 24. 5	1904. Aug. 31. 6	1904. Sep. 7. 7	1904. Sep. 14. 8
BANK OF ENGLAND.								
ISSUE DEPARTMENT.	£	£	£	£	£	£	£	£
Notes issued.....	51,114	50,598	51,392	52,197	52,972	53,259	54,048	54,595
Government debt...	11,015	11,015	11,015	11,015	11,015	11,015	11,015	11,015
Other securities ...	7,435	7,435	7,435	7,435	7,435	7,435	7,435	7,435
Gold coin and bullion	32,664	32,148	32,942	33,747	34,522	34,809	35,598	36,145
Total.....	51,114	50,598	51,392	52,197	52,972	53,259	54,048	54,595
ISSUE DEPARTMENT.								
LIABILITIES.								
Proprietors' capital	14,553	14,553	14,553	14,553	14,553	14,553	14,553	14,553
Reserve	3,430	3,456	3,475	3,503	3,516	3,671	3,677	3,683
Public deposits ...	8,411	6,027	6,104	6,529	6,769	6,245	5,389	7,832
Other Deposits ...	42,501	41,736	41,372	40,232	41,075	43,455	42,575	40,698
Seven day and other bills	98	79	105	99	85	129	165	108
Total.....	68,993	65,851	65,609	64,916	65,998	68,053	66,359	66,874
ASSETS.								
Government securities	15,704	15,704	14,234	14,234	14,234	14,234	14,227	14,227
Other securities ...	29,185	26,865	26,968	25,050	25,122	27,318	24,624	24,160
Notes	22,100	21,320	22,593	23,608	24,644	24,566	25,515	26,478
Gold & Silver coin	2,004	1,962	2,014	2,024	1,998	1,945	1,993	2,009
Total.....	68,993	65,851	65,609	64,916	65,998	68,053	66,359	66,874
Notes in the hands of the Public ...	29,014	29,278	28,999	28,589	28,328	28,703	28,533	28,117
Reserve	24,104	23,282	24,407	25,632	26,642	26,501	27,508	28,487
Proportion of reserve to liabilities (per cent.)...	47.25	48.66	51.29	54.46	55.58	53.18	57.15	58.57
Rate of discount ...	3 %	3 %	3 %	3 %	3 %	3 %	3 %	3 %
RATES OF EXCHANGE ON LONDON.	1904 July 29.	1904. Aug. 5.	1904. Aug. 12.	1904. Aug. 19.	1904. Aug. 26.	1904. Sep. 2.	1904. Sep. 9.	1904. Sep. 16.
India, cheque— per £1 = 25f. 22½c.)	25.24½	25.25½	25.26	25.25½	25.25½	25.25	25.23½	25.23
India, 8 days— per £1 = 20m. 43pf.)	20.45½	20.45	20.46½	20.44½	20.44	20.43	20.41	20.40
New York, 60 days— per £1 = \$4.867) ...	4.85	4.852	4.854	4.855	4.851	4.847	4.846	4.844
Cable Transfers Alcatraz, (per rupee).....	4.881	4.887	4.887	4.887	4.884	4.878	4.875	4.872
	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

For the weeks } ending }	1904. Sep. 21. 1	1904. Sep. 28. 2	1904. Oct. 5. 3	1904. Oct. 12. 4	1904. Oct. 19. 5	1904. Oct. 26. 6	1904. Nov. 2. 7	1904. Nov. 9. 8
BANK OF ENGLAND.								
ISSUE DEPARTMENT.								
Notes issued.....	£ 54,813	£ 55,339	£ 54,330	£ 53,504	£ 53,342	£ 52,986	£ 50,921	£ 50,342
Government debt...	11,015	11,015	11,015	11,015	11,015	11,015	11,015	11,015
Other securities ...	7,435	7,435	7,435	7,435	7,435	7,435	7,435	7,435
Gold coin and bul- lion	36,363	36,889	35,880	35,054	34,892	34,536	32,471	31,892
Total.....	54,813	55,339	54,330	53,504	53,342	52,986	50,921	50,342
BENG. DEPARTMENT.								
LIABILITIES.								
Proprietors' capital	14,553	14,553	14,553	14,553	14,553	14,553	14,553	14,553
Reserve	3,689	3,729	3,125	3,132	3,140	3,145	3,162	3,186
Public deposits ...	8,668	8,404	8,282	5,030	7,618	8,136	7,584	6,846
Other Deposits ...	40,536	41,887	43,675	44,240	40,614	42,008	39,619	39,517
Seven day and other bills	81	83	70	86	105	100	86	83
Total.....	67,527	68,656	69,705	67,041	66,025	67,942	65,004	64,185
ASSETS.								
Government securi- ties	14,227	14,227	18,045	16,298	14,813	14,934	15,145	15,160
Other securities ...	24,295	25,459	23,978	23,645	23,889	25,934	25,196	24,703
Notes	26,977	26,937	25,658	25,101	25,362	24,990	22,672	22,408
Gold & Silver coin	3,028	2,033	2,024	1,997	1,961	2,084	1,991	1,914
Total.....	67,527	68,656	69,705	67,041	66,025	67,942	65,004	64,185
Notes in the hands of the Public ...	27,836	28,402	28,672	28,408	27,980	27,996	28,249	27,934
Reserve	29,005	28,970	27,682	27,098	27,323	27,074	24,663	24,322
Proportion of re- serve to liabili- ties (per cent.)...	58.85	57.51	53.21	54.86	56.53	53.88	52.15	52.36
Rate of discount ...	3 %	3 %	3 %	3 %	3 %	3 %	3 %	3 %
RATES OF EXCHANGE ON LONDON.	1904. Sep. 23.	1904. Sep. 30.	1904. Oct. 7.	1904. Oct. 14.	1904. Oct. 21.	1904. Oct. 28.	1904. Nov. 4.	1904. Nov. 11.
Paris, cheque— (par £1=25f. 22½c.)	25.20	25.17	25.15	25.12½	25.11	25.10½	25.11½	25.12½
Berlin, 8 days— (par £1=20m. 43pf.)	20.39½	20.38	20.37½	20.35	20.34	20.32½	20.33½	20.34½
New York, 60 days— (par £1=\$4.867) ...	4.836	4.834	4.833	4.834	4.838	4.841	4.837	4.838
Do. Cable Transfers	4.863	4.86	4.857	4.859	4.864	4.872	4.866	4.871
Calcutta, (per rupee)	1s. 4d.	1s. 4d.	1s. 4½d.	1s. 4½d.	1s. 4½d.	1s. 4½d.	1s. 4½d.	1s. 4½d.

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

For the weeks } ending }	1904. July 28. 1	1904. Aug. 4. 2	1904. Aug. 11. 3	1904. Aug. 18. 4	1904. Aug. 25. 5	1904. Sep. 1. 6	1904. Sep. 8. 7	1904. Sep. 15. 8
BANK OF FRANCE. (Converting the franc at 25 to the £.)								
LIABILITIES.	£	£	£	£	£	£	£	£
Public deposits ...	8,332	6,795	8,511	8,509	9,090	8,643	6,672	7,442
Private deposits ...	30,853	24,804	24,708	25,039	25,945	22,297	22,892	21,471
Notes in circulation	167,636	173,126	166,462	165,870	164,225	169,230	167,232	168,307
Other items	14,922	17,493	14,380	14,989	14,335	15,779	14,430	14,290
Total.....	221,245	222,218	214,061	214,407	213,595	215,949	211,226	211,510
ASSETS.								
Gold	108,767	108,092	107,927	107,876	107,572	107,100	106,560	106,144
Silver	45,085	45,037	44,946	44,861	44,875	44,780	44,725	44,505
Bills	26,593	28,242	20,590	21,343	20,799	23,421	19,324	20,364
Advances	27,292	27,528	27,331	27,082	27,009	27,108	27,301	27,164
Other items	13,508	13,319	13,267	13,245	13,340	13,540	13,316	13,333
Total.....	221,245	222,218	214,061	214,407	213,595	215,949	211,226	211,510
Rate of discount	3 %	3 %	3 %	3 %	3 %	3 %	3 %	3 %
	1904. July 30.	1904. Aug. 6.	1904. Aug. 15.	1904. Aug. 23.	1904. Aug. 31.	1904. Sep. 7.	1904. Sep. 15.	
IMPERIAL BANK OF GERMANY. (Converting the reich- mark at 20 to the £.)								
LIABILITIES.	£	£	£	£	£	£	£	
Notes in circulation	63,499	62,306	61,167	60,322	62,548	62,081	62,828	
Current accounts...	24,238	23,245	27,352	29,035	25,756	25,998	30,484	
Other items	11,322	11,351	11,392	11,420	11,450	11,513	11,589	
ASSETS.								
Gold and bullion ...	46,302	46,034	46,865	48,510	46,256	45,478	45,728	
Bills and loans.....	42,391	40,277	40,462	39,699	42,091	40,724	41,565	
Other items	10,366	10,591	12,584	12,568	11,407	13,390	17,108	
Rate of discount	4 %	4 %	4 %	4 %	4 %	4 %	4 %	

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus:—£1,000 = £1,000,000.

For the weeks } ending }	1904. Sep. 22. 1	1904. Sep. 29. 2	1904. Oct. 6. 3	1904. Oct. 13. 4	1904. Oct. 20. 5	1904. Oct. 27. 6	1904. Nov. 3. 7	1904. Nov. 10. 8
BANK OF FRANCE. (Converting the franc at 25 to the £.)								
LIABILITIES.	£	£	£	£	£	£	£	£
Public deposits ...	8,403	9,281	6,897	7,793	8,573	10,206	7,514	7,453
Private deposits ...	21,654	22,548	20,819	18,595	20,056	21,604	21,080	20,657
Notes in circulation	166,976	170,641	173,037	172,860	172,613	171,609	177,815	173,141
Other items	18,931	14,407	14,757	14,832	14,225	14,785	18,220	15,074
Total.....	210,964	216,877	215,510	214,080	215,467	218,204	224,629	216,325
ASSETS.								
Gold	106,074	105,752	104,930	104,500	104,435	104,353	108,858	104,704
Silver	44,481	44,385	44,252	44,098	44,025	44,000	43,881	43,981
Bills	19,959	25,654	24,125	24,476	25,556	29,050	34,453	25,308
Advances	27,190	27,144	28,369	27,532	27,591	27,082	27,763	27,589
Other items	13,260	13,942	13,834	13,474	13,860	13,719	14,674	14,743
Total.....	210,964	216,877	215,510	214,080	215,467	218,204	224,629	216,325
Rate of discount	3 %	3 %	3 %	3 %	3 %	3 %	3 %	3 %
	1904 Sep. 23.	1904. Sep. 30.	1904. Oct. 7.	1904. Oct. 13.	1904. Oct. 22.	1904. Oct. 31.	1904. Nov. 7.	
IMPERIAL BANK OF GERMANY. (Converting the reich- mark at 20 to the £.)								
LIABILITIES.	£	£	£	£	£	£	£	
Notes in circulation	64,354	79,953	74,117	69,796	67,437	68,973	67,044	
Current accounts...	29,952	26,635	24,806	24,988	25,681	23,728	23,192	
Other items	11,629	11,723	11,789	11,832	11,864	11,909	11,900	
ASSETS.								
Coin and bullion ...	45,830	39,657	39,472	41,983	44,256	45,100	45,846	
Bills and loans.....	42,203	60,598	53,221	48,206	44,816	47,163	43,568	
Other items	17,902	18,056	18,019	16,427	15,910	12,347	12,732	
Rate of discount	4 %	4 %	4 %	5 %	5 %	5 %	5 %	

WEEKLY RETURNS.

In £'s sterling, 000 omitted thus:—£1,000 = £1,000,000.

For the weeks } ending }	1904. July 2. 1	1904. July 9. 2	1904. July 16. 3	1904. July 23. 4	1904. July 30. 5	1904. Aug. 6. 6	1904. Aug. 13. 7	1904. Aug. 20. 8
NEW YORK ASSOCIATED BANKS. (Converting the dol- lar at 5 to the £.)								
LIABILITIES.	£	£	£	£	£	£	£	£
Notes in circulation	7,842	7,833	7,831	7,826	7,792	7,728	7,659	7,523
Net deposits	230,599	231,630	235,834	240,288	240,993	240,843	241,426	241,914
ASSETS.								
Loans & discounts	215,006	215,659	217,503	219,969	219,467	219,095	219,298	219,835
Specie	47,874	48,619	51,060	53,191	54,236	54,634	55,371	55,836
Legal tenders	16,996	16,492	16,811	17,003	17,210	16,838	16,532	16,365
Legal reserve (being one-fourth of net deposits)	57,649	57,907	58,958	60,072	60,248	60,211	60,357	60,478
Reserve held (con- sisting of specie and legal tenders).	64,870	65,111	67,871	70,194	71,446	71,472	71,903	72,201
Surplus	7,221	7,204	8,913	10,122	11,198	11,261	11,546	11,723
CLEARING HOUSE RETURNS.	1904. July 27. £	1904. Aug. 3. £	1904. Aug. 10. £	1904. Aug. 17. £	1904. Aug. 24. £	1904. Aug. 31. £	1904. Sep. 7. £	1904. Sep. 14. £
London	172,859	197,842	202,728	200,284	154,068	190,242	172,122	149,391
Birmingham	July 23. 931	July 30. 1,017	Aug. 6. 1,169	Aug. 13. 852	Aug. 20. 928	Aug. 27. 764	Sep. 3. 1,213	Sep. 10. 793
Bristol	521	552	527	541	557	462	591	508
Dublin	2,655	2,391	2,761	3,013	2,616	2,299	2,555	2,776
Liverpool	3,225	3,366	2,862	3,344	2,759	2,556	3,536	3,015
Manchester	4,463	4,588	4,943	4,373	4,192	3,683	4,507	4,231
Newcastle-on-Tyne ...	1,371	1,453	1,458	1,507	1,320	1,387	1,474	1,195
Melbourne	May 2. 3,552	May 9. 3,841	May 16. 3,037	May 23. 2,973	May 30. 2,767	June 6. 2,968	June 13 2,862	June 27. 2,526
	1904. July 27.	1904. Aug. 3.	1904. Aug. 10.	1904. Aug. 17.	1904. Aug. 24.	1904. Aug. 31.	1904. Sep. 7.	1904. Sep. 14.
MISCELLANEOUS.								
Average price of Wheat	27s. 7d. 88½	28s. 0d. 87½	28s. 3d. 88	28s. 4d. 88½	28s. 8d. 87½	29s. 5d. 88½	30s. 2d. 88½	30s. 0d. 88½
Price of Consols	26½d.	26½d.	26½d.	26½d.	26½d.	26½d.	26½d.	26½d.
Bar Silver, fine, per oz. standard	July 23. 97-67½	Aug. 4. 97-65	Aug. 11. 98-12½	Aug. 18. 98-10	Aug. 25. 98-20	Sep. 1. 98-52½	Sep. 8. 98-85	Sep. 15. 99-10
3 o/o French Rentes...								

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus:—£1,000 = £1,000,000.

For the weeks ending	1904. Aug. 27. 1	1904. Sep. 3. 2	1904. Sep. 10. 3	1904. Sep. 17. 4	1904. Sep. 24. 5	1904. Oct. 1. 6	1904. Oct. 8. 7	1904. Oct. 15. 8
NEW YORK ASSOCIATED BANKS. (Converting the dollar at 5 to the £.)								
	£	£	£	£	£	£	£	£
LIABILITIES.								
Notes in circulation	7,545	7,796	8,013	8,021	8,144	8,115	8,358	8,458
Net deposits	241,460	243,417	244,342	244,841	242,816	242,559	241,055	238,647
ASSETS.								
Loans & discounts	219,811	223,448	226,097	228,191	227,701	228,607	229,198	226,803
Specie	55,516	54,253	53,072	51,404	50,393	48,873	47,501	47,549
Legal tenders	16,324	16,102	15,701	15,676	15,561	15,749	15,290	15,304
Legal reserve (being one-fourth of net deposits)	60,365	60,854	61,085	61,210	60,704	60,639	60,264	59,662
Reserve held (consisting of specie and legal tenders).	71,840	70,355	68,773	67,080	65,954	64,622	62,791	62,853
Surplus	11,475	9,501	7,688	5,870	5,250	3,983	2,527	3,191
CLEARING HOUSE RETURNS.								
	1904. Sep. 21. £	1904. Sep. 28. £	1904. Oct. 5. £	1904. Oct. 12. £	1904. Oct. 19. £	1904. Oct. 26. £	1904. Nov. 2. £	1904. Nov. 9. £
London	192,173	164,860	262,214	184,726	226,552	187,631	250,973	195,045
Birmingham	Sep. 17. 841	Sep. 24. 753	Oct. 1. 1,011	Oct. 8. 1,239	Oct. 15. 921	Oct. 22. 852	Oct. 29. 1,027	Nov. 5. 1,436
Bristol	526	498	619	681	640	580	558	651
Dublin	2,515	2,446	2,762	3,401	3,138	3,288	3,048	3,332
Liverpool	3,124	2,264	2,968	3,519	3,837	3,769	4,030	3,885
Manchester	4,299	3,925	5,048	5,520	5,154	4,587	4,975	5,738
Newcastle-on-Tyne ..	1,467	1,319	1,575	1,682	1,558	1,273	1,343	1,675
Melbourne	July 4. 3,764	July 11. 3,224	July 18. 2,722	July 25. 2,702	Aug. 1. 3,274	Aug. 8. 3,109	Aug. 15. 2,692	Aug. 22. 2,712
MISCELLANEOUS.								
	1904. Sep. 21.	1904. Sep. 28.	1904. Oct. 5.	1904. Oct. 12.	1904. Oct. 19.	1904. Oct. 26.	1904. Nov. 2.	1904. Nov. 9.
Average price of Wheat	29s. 7d.	29s. 10d.	29s. 10d.	30s. 2d.	30s. 5d.	30s. 4d.	30s. 6d.	30s. 6d.
Price of Consols	88 $\frac{1}{8}$	88 $\frac{1}{8}$	88 $\frac{1}{8}$	88 $\frac{1}{8}$	88 $\frac{1}{8}$	87 $\frac{1}{8}$	87 $\frac{1}{8}$	88 $\frac{1}{8}$
Bar Silver, fine, per oz. standard	26 $\frac{1}{2}$ d.	26 $\frac{1}{2}$ d.	26 $\frac{1}{2}$ d.	26 $\frac{1}{2}$ d.	26 $\frac{1}{2}$ d.	26 $\frac{1}{2}$ d.	26 $\frac{1}{2}$ d.	26 $\frac{1}{2}$ d.
3 o/o French Rentes...	Sep. 22. 97-95	Sep. 29. 97-75	Oct. 6. 97-90	Oct. 13. 97-90	Oct. 20. 98-5	Oct. 27. 97-65	Nov. 3. 98-15	Nov. 10. 98-90

SUMMARY OF BANK RETURNS

OF VICTORIA, NEW SOUTH WALES, NEW ZEALAND, SOUTH AUSTRALIA, QUEENSLAND, TASMANIA, AND WESTERN AUSTRALIA.

(Compiled from the Sworn Averages for the Quarter ended 30th June, 1904.)

LIABILITIES.

	Notes in Circulation not bearing Interest.	Bills in Circulation not bearing Interest.	Balances due to other Banks.	Deposits not bearing Interest.
Victoria	£289,144	£128,588	£80,914	£10,873,438
New South Wales	1,344,822	208,685	71,104	12,946,431
New Zealand	1,619,784	50,758	41,632	9,881,663
South Australia	889,550	34,339	37,142	2,434,255
Queensland	—	88,571	64,417	4,612,536
Tasmania	152,525	20,790	4,839	1,467,384
Western Australia	854,715	43,294	62,025	2,296,321
Totals	4,653,052	572,025	332,064	46,211,918

	Deposits bearing Interest.	Total Deposits.	(a) Total amount of Liabilities.
Victoria	£19,575,782	£20,349,210	£22,267,119
New South Wales	19,419,377	£22,865,708	24,682,953
New Zealand	9,998,118	£19,579,781	21,191,946
South Australia	3,619,777	£ 6,054,083	6,896,298
Queensland	7,917,694	£12,830,230	12,779,172
Tasmania	5,106,797	3,573,181	3,751,345
Western Australia	1,429,927	4,726,188	5,186,192
Totals	63,866,372	109,078,290	116,688,025

(a) Total liabilities include perpetual inscribed stocks of the English, Scottish and Australian Bank, Limited, as follows:—Victoria, £299,761; New South Wales, £692,634; South Australia, £291,235; Queensland, £25,964; total, £2,049,594.

* Victoria.—This includes Government deposits, not bearing interest, £265,273; bearing interest, £2,768,466; total, £2,933,761.

+ New South Wales.—Government deposits are not shown separately by the banks.

‡ New Zealand.—This includes Government deposits, bearing interest, £1,126,125.

§ South Australia.—This includes Government deposits, not bearing interest, £163,571.

¶ Queensland.—This includes Government deposits, not bearing interest, £261,573; and bearing interest, £2,134,601; total, £2,396,173.

ASSETS.

	Coin and Gold and Silver, and other metals.	Gold and Silver in bullion or bars.	Landed and other Property.	Notes and Bills of other Banks.
Victoria	£5,775,832	£450,122	£1,968,568	£279,820
New South Wales	6,742,535	212,766	1,812,420	266,143
New Zealand	3,712,552	155,474	410,273	27,551
South Australia	1,437,507	15,253	428,714	53,135
Queensland	1,601,345	223,171	755,002	41,917
Tasmania	751,792	—	108,924	—
Western Australia	1,601,662	541,887	197,697	51,673
Totals	21,622,123	1,608,172	5,655,585	770,239

	Balances due from other Banks.	All debts due to the Banks.*	Total amount of Assets.
Victoria	£232,376	£229,426,062	£23,119,767
New South Wales	279,306	£23,237,755	(a) £46,795,144
New Zealand	16,883	£16,348,880	20,721,412
South Australia	59,673	£ 4,401,981	6,392,373
Queensland	128,375	£13,974,333	16,706,943
Tasmania	62,429	£ 2,710,063	2,634,298
Western Australia	28,309	£ 2,955,108	6,375,836
Totals	793,251	104,054,102	138,748,594

* Including notes, bills of exchange, and all stock and funded debts of every description, except notes, bills, and balances due to the banks from other banks.

+ Victoria.—Government securities (if any) held by the banks are not separately distinguished in these returns.

‡ New South Wales.—This includes £1,139,707 average amount of Government securities held by the Commercial Banking Company of Sydney, and £64,516 held by the Bank of New South Wales.

§ New Zealand.—This includes notes and bills discounted, £2,059,145; debts due to the banks, £12,261,851; Colonial Government securities, £294,537; other funded securities, £63,988; and securities not included under other heads, £509,329.

¶ South Australia.—This includes 400 Government securities held by the National Bank of Australia; £72,000 Government and public securities held by the Bank of Adelaide; £23,572 Government securities held by the Bank of New South Wales; and stamp account, £24, Bank of Australia.

¶ Queensland.—This includes Treasury notes, £632,732; Government securities and stamp account, £28,196, held by the Queensland National Bank; stamp account, £191, Bank of Australia; Government securities, £67,586; by the Royal Bank of Queensland; Government securities £20,344, held by the Bank of New South Wales; and Government securities, £25,750, held by the Bank of North Queensland.

** Tasmania.—This includes £227,750 Government securities held by the Commercial Bank of Tasmania, Limited, and £25,000 held by the National Bank of Tasmania. Coin and bullion are not stated separately.

†† Western Australia.—This includes public securities, £100,200, held by the Western Australian Bank; and Government securities, £23,062, held by the Bank of New South Wales.

(a) Including balances due from branches, £4,244,122.

(From The Australasian Insurance and Banking Record.)

RATES OF INTEREST ON FIXED DEPOSITS.

THE subjoined table exhibits the rates of interest on deposits in London for fixed periods, allowed by the following Indian and Colonial Banks :—

Bank.	One Year.	Two Years.	Three Years.	
	%	%	%	
African Banking Corp., Ltd...	4	4½	4½	
Bank of Adelaide	3	3	3	3 % for 4 and 5 years.
Bank of Africa, Limited	4	4	*	
Bank of Australasia	3½	4	4	
Bank of British North America	3	3	3	
Bank of Mauritius	4	*	*	
Bank of New South Wales ...	3½	4	*	£200 and upwards.
Bank of Victoria, Limited ...	3½	4	4	
Chartered Bank of India, Aus- tralia, and China	4	*	*	
Commercial Bank of Australia, Limited	3½	4	4	
Commercial Bank of Sydney ...	3½	4	*	
Delhi and London Bank, Ltd....	4	4	4	2 % for 3 months and 3 % for 6 months.
Hong Kong and Shanghai Bank	4	*	*	
London Bank of Australia ...	3½	4	*	
Mercantile Bank of India ...	4	4	4	3½ % for 6 months.
Natal Bank, Limited	4	4	4	
National Bank of Australasia...	3½	3½	3½	
National Bank of India, Ltd. ...	4	*	*	3½ % for 6 months.
National Bank of New Zealand, Limited	3½	4	4	
Queensland National Bank, Ltd.	3	3	3½	3½ % for 4 or 5 years.
Royal Bank of Queensland, Ltd.	3½	4	4	4 % for 4 or 5 years.
Standard Bank of South Africa, Limited	3½	*	*	3 % for 6 months.
Union Bank of Australia, Ltd.	3½	4	4	4 % for 4 or 5 years.

* Deposits not received for these periods.

London, 31st December, 1904.

JOURNAL

OF THE

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FEBRUARY, 1905.

LOCAL GOVERNMENT AUTHORITIES AND THEIR RELATIONS WITH BANKERS.

By E. J. NALDRETT, Esq., Barrister-at-Law.

LECTURE II.

[* Delivered before the Institute on Wednesday, November 30th, 1904.]

THE following is a summary of the facts and of the provisions of statutes and orders which formed the subject of Lecture II.

Municipal Corporations.

The Municipal Corporations Act, 1882 (45 & 46 Vict., c. 50), is sometimes referred to as the Magna Charta of municipal government, and for information as to the constitution, powers, and duties of municipal corporations, in boroughs, in England and Wales, reference must be made to that statute. By means of it the provisions of a number of earlier statutes were consolidated. The main object of the enactment is that the divers bodies corporate at sundry times, constituted in the cities, towns, and boroughs of England and Wales, may for ever be well and quietly governed (preamble). The Act does not apply to London.

County Boroughs.

Certain large boroughs named in the third schedule to the Local Government Act, 1888, each of which had a population of not less than 50,000, or was a county in itself before 1888, became administrative counties, and are called "county boroughs" (s. 31). A few additional county boroughs have been created since the passing of the said Act (s. 54 (1) (d)).

These "county boroughs" retain their organization as municipal boroughs, although the mayor, aldermen, and burgesses, acting by the council, have, and are subject to, all the powers, duties, and liabilities of a county council, with certain modifications.

* And at Liverpool, on Monday, November 21st, 1904.

The borough fund takes the place of the county fund, and the town clerk, the place of the clerk of the peace (s. 34 (1) & (1) (a)). The provisions of the Local Government Act, 1888, with respect to the county treasurer, the constitution, election, proceedings or position of the county council, or the chairman thereof, the transfer of powers relating to county and other rates, and the preparation or revision of the basis or standard for the county rate, do not apply to county boroughs. The financial provisions referred to in connection with county councils, and contained in Part IV of the Local Government Act, 1888, except a power to make advances for the purpose of emigration, and to borrow for those advances under s. 69, have no application to county boroughs (s. (34 (3))).

Many boroughs have a separate commission of the peace granted by the Crown, which enables the borough justices to act in the borough, as if they were county justices acting in and for a separate petty sessional division (45 & 46 Vict., c. 50, ss. 156 & 158). The council are to provide a suitable justices' room and offices, and may have a stipendiary magistrate appointed (ss. 160 & 161). The Crown may grant a separate Court of Quarter Sessions for a borough, with a recorder, who sits as sole judge at quarter sessions (ss. 162 & 163). All these boroughs are municipal boroughs, and the following provisions apply to them.

Title—Burgesses.

The municipal corporation of a borough bears the name of the mayor, aldermen, and burgesses of the borough, or in the case of a city, the mayor, aldermen, and citizens of the city (s. 8). The burgesses are persons enrolled as such. A person is entitled to be placed upon the burgess roll if he is of full age, and has occupied jointly or severally any house, warehouse, counting-house, shop, or other building in the borough, or has resided within the borough, or within seven miles thereof, during the whole of the twelve months preceding the 15th of July in any year, has been rated, and has paid rates in respect of the qualifying property up to the preceding 5th of January, and is not an alien, has not received, during the twelve months, union or parochial relief or other alms, and is not disentitled under any Act of Parliament (s. 9). An alternative qualification arises under the County Electors' Act, 1888 (51 Vict., c. 10 (s. 3)), known as the ten pound occupation qualification.

The corporation act by means of a council, consisting of the mayor, aldermen, and councillors (s. 10).

Councillors—Qualification.

The councillors are to be fit persons selected by the burgesses. A person is not qualified to be elected, or to be a councillor unless

he is enrolled and entitled to be enrolled as a burgess, or, being entitled to be so enrolled in all respects except that of residence, is resident beyond seven, but within fifteen miles of the borough, and is entered in the non-resident list; and in either case is seized or possessed of real or personal property, or both, to the value or amount, in the case of a borough having four or more wards, of £1,000, or, in the case of any other borough, of £500, or is rated to the poor rate in the borough in the first case, on the annual value of £30, and in the case of any other borough of £15, but every person is qualified to be elected and to be a councillor, who is, at the time of election, qualified to elect to the office of councillor. The last-named qualification ceases, if the person so qualified ceases for six months to reside in the borough (s. 11).

Term of Office.

The term of office is three years. On the ordinary day of election one-third of the whole number go out of office (s. 13). The Act contains numerous provisions as to the nomination and election of councillors (s. 50, *et seq.*). In the case of a contest the election is to be conducted under the provisions of the Ballot Act, 1872, as at a Parliamentary election, the provisions of which Act are made to apply for that purpose (s. 58 (1) & Sched. III, Pt. III). The ordinary day of election is the 1st November (s. 52).

Disqualification—Permitted Interests.

A person is disqualified for being elected, and for being a councillor, if, and while, he is an elective auditor, or holds any office or place of profit other than that of mayor or sheriff, in the gift or disposal of the council, or is in holy orders, or the regular minister of a dissenting congregation, or has, directly or indirectly, by himself or his partner, any share or interest in such a contract or employment, with, by, or on behalf of, the council, but not by reason only of his having any share or interest in any lease, sale, or purchase of land, or any agreement for the same, or any agreement for the loan of money, or any security for the payment of money only, or any newspaper in which any advertisement relating to the affairs of the borough or council is inserted, or any company which contracts with the council for lighting, or supplying with water, or insuring against fire, any part of the borough, or any railway company, or any company incorporated by Act of Parliament or Royal Charter, or under the Companies Act, 1862 (s. 12).

Under the foregoing provision a treasurer, his office being an office of profit, whether he receive the profit or not, is disqualified for being a councillor ("Dilane v. Hillcoat," 9 B. & C. 310).

There are other disqualifications for the office of councillor under other Acts of Parliament; and office may be avoided by bankruptcy or absence (s. 39).

Aldermen.

The aldermen, who are to number one-third of the number of councillors, are to be fit persons elected by the council.

Qualification.

A person is not qualified to be elected, or to be an alderman, unless he is qualified to be a councillor.

Term of Office.

The term of office is six years. One-half of the number go out of office every third year (s. 14). The ordinary day of election is the 9th November (s. 60 (1)).

Mayor—Qualification—Term of Office.

The mayor is to be a fit person elected by the council from among the aldermen or councillors, or persons qualified to be such. The ordinary day of election is the 9th November (s. 61 (1)). His term of office is one year, but he continues in office until his successor has accepted office, and subscribed the required declaration. He may receive such remuneration as the council think reasonable (s. 15). He is a justice of the peace for the borough, and as such has precedence in all places in the borough (ss. 15 & 155 (2)). The mayor may for many purposes appoint a deputy (s. 16). The mayor, aldermen, and councillors are required to make a declaration of acceptance of corporate office, and for the faithful fulfilment of the duties (s. 35).

Meetings and Proceedings—Committees.

A council transacts its general business at meetings (s. 22 (1)). There are to be four quarterly meetings in every year for this purpose (Sched. II, Pt. I). The mayor may call a meeting of the council at any time (Sched. II, r. 3). No business is to be transacted at a meeting, other than that specified in the summons relating thereto, which is to be given to members three clear days before the council meeting, except certain business, including the election of the mayor, aldermen, etc., which the Act provides is to be transacted at certain quarterly meetings (Sched. II, rr. 6 & 8). All acts of the council and questions coming before them, may be done and decided by a majority of such of the members as are present,

and vote at a meeting properly convened, the whole number present at the meeting, whether voting or not, not being less than one-third of the number of the whole council (Sched. II, r. 10). Minutes of proceedings are to be entered in a book kept for the purpose, and to be signed by the mayor or other member of the council (Sched. II, r. 12 & s. 22 (5)). Standing orders for the regulation of proceedings and business may be made, varied, and revoked by a council (Sched. II, r. 13).

A council may from time to time, out of their own body, appoint such committees as they think fit, for purposes which the council think would be better managed by committees, but the acts of every such committee are to be submitted to the council for their approval (s. 22 (2)); except perhaps those of the Watch Committee, and of committees under the Public Health Act, 1875, when exercising delegated powers. It is a salutary rule that a member of the council shall not vote or take part in the discussion of any matter before the council in which he has directly or indirectly, by himself or his partner, any pecuniary interest (s. 22 (3)).

Minutes, inspection of.

The minutes of proceedings of the council are to be open to the inspection of a burgess on the payment of a fee of one shilling, and he may make a copy thereof, or take an extract therefrom (s. 233 (1)). A burgess may also make a copy of, or take an extract from, an order of the council for the payment of money (s. 233 (2)).

Powers and Duties.

Municipal corporations may, subject to certain limitations, acquire and hold lands for a town hall, council house, justices' room, police-station and cells, a quarter and petty sessions house, assize court-house, judges' lodgings, a polling-station, or any other building necessary or proper for any purposes of the borough (ss. 105 & 107). The council may, with the approval of the Local Government Board, dispose of any corporate land by sale, lease, exchange, mortgage, or otherwise (s. 109). With the like approval the council may convert any corporate lands into sites for working men's dwellings, and grant leases thereof (s. 111). It is the duty of the council to maintain, etc., the borough bridges (s. 119), and to perform many other important duties.

Urban Sanitary Authority.

The mayor, aldermen, and burgesses are the urban sanitary authority for the borough within the meaning of the Public Health Act, 1875, and as such are endowed with the powers, duties,

and liabilities of an urban sanitary authority under the Public Health Acts. These extensive powers, etc., are referred to in connection with urban district councils. A borough council, when acting in execution of their powers and duties under the Public Health Acts, retain their ordinary title, but usually add the words: acting as the urban sanitary authority for the borough or district (38 & 39 Vict., c. 55, s. 6). A borough council may therefore levy a general district rate in the borough, and borrow money for the purposes, and in the manner provided by the Public Health Act, 1875.

Education Authority.

The council of a county borough is the education authority for higher education in the borough. If not a county borough, the council may supplement higher education in the borough to the extent of a 1d. in the £ rate, and where the population exceeds 10,000 in number, the council is the education authority for the borough for the purposes of elementary education, and may accordingly levy rates and borrow money for the purposes of the Education Act, 1902, in the manner described in the first of this series of lectures.

Treasurer—Security, etc.

It is the duty of the council from time to time to appoint, in addition to a town clerk and other necessary officers, a fit person, not a member of the council, to be the treasurer of the borough. He is to hold office during the pleasure of the council. A vacancy in the office is to be filled within twenty-one days after its occurrence. The offices of town clerk and treasurer are not to be held by the same person (s. 18). The appointment should be under the seal of the corporation, as the position of treasurer is that of a public officer, and not a servant of the corporation.

An interesting question arises whether a banking corporation can properly be appointed to the office of treasurer. The question will be dealt with in a subsequent lecture. Apparently the Act does not provide for the appointment of a corporation to that office.

The council are to require every officer appointed by them to give such security as they think proper for the due execution of his office, and they are to allow him such remuneration as they think reasonable (s. 20).

The amount of the security, and the mode in which it is to be given, are matters in the discretion of the council. An officer at such times during the continuance of his office, or within three months after ceasing to hold it, and in such manner as the council direct, is to deliver to the council, or as they direct, a true

account in writing of all matters committed to his charge, and of his receipts and payments, with vouchers, and a list of persons from whom money is due, for purposes of the Act in connection with his office, showing the amount due from each. He is to pay all money due from him to the treasurer, or as the Council direct. If he refuses, or wilfully neglects to deliver any account, or list which he ought to deliver, or any voucher relating thereto, or to make any payment which he ought to make, or, after three days' notice in writing, refuses, or wilfully neglects to deliver any book or document as he ought to do, or give satisfaction respecting it to the council, he may be required by order of a Court of Summary Jurisdiction, to make such delivery or payment, or to give such satisfaction (s. 21). The treasurer is to make up his accounts half-yearly to such date as the council, with the approval of the Local Government Board, from time to time appoint (s. 26).

Within one month from the date to which the treasurer is required to make up his accounts, in each half-year, he is to submit them, with the necessary vouchers and papers, to the borough auditors, and they are to audit them, and after the audit of the accounts for the second half of each financial year, the treasurer is to print a full abstract of his accounts for that year (s. 27). The treasurer's accounts are to be open to the inspection of the council, and a member may make a copy thereof, or take an extract therefrom (s. 233 (2)). The abstract of the treasurer's accounts is to be open to the inspection of all ratepayers of the borough, and copies are to be delivered to a ratepayer on payment of a reasonable price for each copy (s. 233 (4)). A document directed to be open to inspection is to be open at any reasonable time during the ordinary hours of business, and without payment, unless otherwise provided (s. 233 (6)).

If there should be no treasurer, or the treasurer appointed be incapable of acting, all acts authorised or required to be done, by or with respect to, the treasurer, may, subject to the provisions of any other Act, be done by, or with respect to, a person appointed in that behalf by the mayor (s. 43).

Borough Fund—Payments.

The rents and profits of all corporate lands, and the interest, dividends, and annual proceeds of all money, dues, chattels, and valuable securities belonging, or payable, to a municipal corporation, or to any member or officer thereof, in his corporate capacity, and every fine or penalty for any offence against the Act, except where, and as far as the application thereof is otherwise provided for, is to go to the borough fund (s. 139). This fund is to be applicable to, and charged with, the several payments specified in the fifth schedule to the Act, which are as follows :—

Part I.—(1) The remuneration (if any) of the mayor, of the recorder (if any), in his capacity either of recorder or of judge of a borough civil court, of the stipendiary magistrate (if any), of the town clerk, of the treasurer, of the clerk of the peace, when paid by salary, of every other officer appointed by the council, and of the clerk to the justices. (2) The remuneration and allowances certified by the Treasury to be payable to the Treasury in respect of an election petition. (3) The remuneration certified by the recorder to be due to any assistant recorder, assistant clerk of the peace, or additional crier.

These payments, which are contained in Part I of the Schedule, may be made without an order of the council (s. 140).

Part II.—(1) The expenses incurred by overseers, and by the town clerk, and other municipal authorities, in relation to the enrolment of burgesses, and the holding of municipal elections, or so much of those expenses as is not otherwise provided for under Section 30 of the Parliamentary and Municipal Registration Act, 1878. (2) The expense incurred by the town clerk in providing accommodation for an election court held under the Act. (3) The expenses of providing, furnishing, maintaining, or improving the corporate buildings, including the justices' room (if any), and the necessary expenses of that room. (4) The fees payable to the clerk of the peace, if not paid by salary, and, under the Act, to the borough coroner. (5) The payments to be made under the Act to, or in respect of, the borough police, and to any special constable, including a number of payments there enumerated. (6) The costs and expenses payable by the corporation in respect of the prosecution, maintenance, conveyance, transport, or punishment of offenders. (7) All sums payable under the Act by the corporation of the borough to the treasurer of the county. (8) The expenses of, and incidental to, the division of a borough into wards, or the alteration of wards, including the remuneration of the commissioner appointed for the purpose of the division or alteration. (9) Such remuneration to the clerk to any commissioners for taxes, in respect of making copies of assessments, as the council think reasonable. (10) The expenses of, and relating to, a charter of incorporation for a borough, and of, and relating to, all elections, acts, and proceedings under the charter. (11) All expenses charged on the borough fund by any Act of Parliament, or otherwise by law. (12) All other expenses, not by the Act, otherwise provided for, necessarily incurred in carrying the Act into effect.

The foregoing payments specified in Part II of the Schedule may not be made without an order of the council. No other payment is to be made out of the borough fund, except under the authority of an Act of Parliament, by order of the council, by order of the court of quarter sessions for the borough, by order of a justice in

pursuance of the Act, or in cases in which the court of quarter sessions for a county, or a justice acting in and for a county in the discharge of his judicial duty, might make an order for the payment of money on the treasurer of the county (s. 140). A municipal corporation may be restrained by injunction from applying the borough fund to an unauthorised purpose. "*Tynemouth Corporation v. Attorney General*" (1899) A.C. 293. They have no power to make payments out of this fund for a gold chain and badge for the mayor. "*Attorney General v. Battley*" (1872) 26 L.T. 392.

Orders for Payment.

An order of the council for the payment of money out of the borough fund is to be signed by three members of the council, and countersigned by the clerk. Any such order may be questioned in the King's Bench Division of the High Court of Justice on certiorari (s. 141).

Treasurer.

All payments to, and out of, the borough fund are to be made to and by the treasurer, and all payments to the treasurer are to go to the borough fund (s. 142).

Surplus.

Any surplus of the fund is to be applied, under the direction of the council, to the public benefit of the inhabitants, and the improvement of the borough, and if the surplus arises from the rents and profits of municipal property, and not from the borough rate, it may be applied in payment of expenses incurred by the corporation as the urban sanitary authority under the Public Health Act, 1875 (s. 143).

Borough Rate.

If the borough fund is insufficient for the purposes to which it is applicable, the council are from time to time to estimate as correctly as may be what amount, in addition to the borough fund, will be sufficient for these purposes. In order to raise that amount, the council are from time to time to order a rate, called a borough rate, to be made in the borough. It may be made retrospectively in order to raise money for the payment of charges and expenses, incurred at any time within six months of the making of the rate. The contributions to this rate are to be assessed by the council on the several parishes or parts of parishes, in proportion to the total annual value of the hereditaments in each parish or part which are rateable to the poor, or in respect of which a contribution is made to the poor rate (s. 144). The council issue a warrant to the overseers of the poor of the several

parishes, signed by the mayor, and sealed with the corporation seal, for the amount required (ss. 145 & 148).

The overseers make a rate, and collect the required amount, either as a poor rate, or in the same manner as a poor rate, and pay over the contributions to the council or as they direct (ss. 145 & 146). The council do not themselves collect the money. The order usually directs the amount to be paid to the borough treasurer. It is to form part of the borough fund (s. 149).

Contributions to the county rate of the county in which a borough is situate are to be made from the borough fund (ss. 150-153).

In "*Smith v. Southampton Corporation*" (1902), 2 Q.B. 244, the council acting as the urban sanitary authority made a general district rate to defray expenses incurred or to be incurred, for the period from April 1st, 1901, to the 31st March, 1902. An estimate of the rate was prepared as required by s. 218 of the Public Health Act, 1875. The rate was appealed against on, among other grounds, that it included retrospective charges, and in particular certain charges which had been incurred or become due more than six months before the rate was made contrary to s. 210. It appeared that in the years ending 31st March, 1898, 1899, and 1900, there was a deficit on the working of the electricity works, and these and other large sums were carried to a suspense account in pursuance of a resolution of the corporation in March, 1901, the expenditure having been met by an overdraft on the corporation banking account. The resolution also provided for the payment of the amount out of revenue account over a period of five years. One-fifth of the amount carried to the suspense account was provided for in the estimate for the above-mentioned rate. There was no evidence to show that the corporation had appropriated income from other sources than the rate to meet the amount. It was held there had been a contravention of the provisions of s. 210, the rate was retrospective, the expenses had not been incurred within "six months before the making of "the rate," the rate was therefore bad, and could not be enforced.

Notice of any Sale or Loan.

Where the council intend to apply to the Local Government Board for their approval of any sale, loan, or other financial arrangement, notice of the intention is to be fixed on the town hall, one month at least before the application, and a copy of it, during that month, is to be kept in the town clerk's office, and be open to public inspection. If the application be refused or granted conditionally, or under qualification, notice of the correspondence between the council and the Local Government Board, is to be forthwith, and during one month, fixed on

the town hall, and a copy of the correspondence during that month is to be kept at the town clerk's office and be open to public inspection (s. 236).

Inspection of Documents.

A document directed to be open to inspection is to be open at any reasonable time during the ordinary hours of business, and without payment, unless otherwise expressed. If any person having the custody of any such document obstructs any person authorised to inspect it, in making such inspection, or refuses to give copies or extracts to any person entitled to obtain the same, he is on summary conviction to be liable to a fine not exceeding £5 (s. 233 (6) & (7)).

Return to Local Government Board.

The town clerk is to make, within one month after the completion of the audit, a return to the Local Government Board of the receipts and expenditure of the corporation, for each financial year ending on the 25th day of March, or such other day, as the Local Government Board from time to time prescribe, and in such form, and containing such particulars as they may direct (s. 28).

Audit.

There are to be three borough auditors, two to be elected by the burgesses from persons qualified to be a councillor, but who are not members of the council or the town clerk or treasurer; and one to be appointed by the mayor, who is to be a member of the council. The term of office in each case is one year (s. 25). Where an urban authority are the council of a borough, the accounts of the receipts and expenditure under the Public Health Act of such authority, are to be audited and examined by the auditors of the borough, and are to be published in like manner, and at the same time as the municipal accounts, and the auditors are to proceed in the audit after like notice, and in like manner, to have like powers and authorities, and to perform like duties as in the case of auditing the municipal accounts (38 & 39 Vict., c. 55, s. 246). Provision is sometimes made by local acts for the audit of municipal accounts by a district auditor as in the case of an urban district council, under the Public Health Act, 1875.

Borrowing Powers.

The council may, with the approval of the Local Government Board, borrow at interest on the security of any corporate land, or of any land proposed to be purchased under the Act, or of the borough fund or borough rate, or of all or any of these securities,

such sums as the council from time to time think requisite for the purchase of land, or for the erection of any building which they are authorised to build (s. 106).

When the Local Government Board approve a mortgage or charge as above mentioned, they may, as a condition of their approval, require the money borrowed to be repaid, with all interest thereon, in thirty years, or any less period, and either by instalments, or by means of a sinking fund, or both. The land comprised in the mortgage or any other corporate land, the borough fund or rate, or other rates legally applicable, are to stand charged for the repayment of the principal and interest of the money so borrowed (s. 112).

Sinking Fund.

Where it is directed to be repaid by means of a sinking fund, the council, out of the rents and profits of the land on which, or out of the borough fund or rates on which, the sums required for the sinking fund are charged, are to invest such sums, at such times, and in such Government annuities as the Local Government Board direct, and in like manner from time to time to invest all dividends of those annuities. The annuities are in the books of the Bank of England, to be placed to the account of the corporation. The dividends of the annuities are to be received and invested by such persons as the council, by power of attorney, under the corporate seal, from time to time appoint. No transfer is to be made without the consent in writing of the Local Government Board, addressed to the chief accountant of the Bank of England (s. 113).

Investments.

The sums above mentioned may now be invested in any of the investments in which trustees are authorised to invest. Trust Investment Act, 1889 (52 & 53 Vict., c. 32) (s. 7), and Trustee Act, 1893 (56 & 57 Vict., c. 53) (s. 1). The council may borrow and re-borrow in manner provided by the Local Loans Acts, 1875 and 1885 (38 & 39 Vict., c. 83, s. 31) and (48 & 49 Vict., c. 30). The provisions as to a sinking fund may be made to apply to a sum raised and invested in the place of purchase or compensation money paid to the treasurer, the proceeds of the sale or exchange of corporate lands, and certain investments for the benefit of the inhabitants of the borough, subject in each case to the approval of the Local Government Board (ss. 114-116). The council may, with the like consent, mortgage the borough fund and rate for the purpose of securing the payment with interest of moneys borrowed for the maintenance, alteration, and improvement of borough bridges (s. 119 (4)).

Public Works Loan Commissioners.

The council may borrow money from the Public Works Loan Commissioners for the purpose of building, enlarging, repairing, improving, and fitting up any building which they are authorised by the Act to build, and may levy a rate, or an increase of the borough rate for the purpose of paying the principal and interest of the loan, and may mortgage the rate or the borough rate to the commissioners in accordance with the Public Works Loans Act, 1875, or any amendment thereof, in such manner and form as the commissioners direct (s. 120).

Corporate Stock, Transfer of.

Any stock's funds, or public securities referred to as stock, standing in the books of the Bank of England, or of any other public company or society, in the name of a municipal corporation, under any style or title of incorporation, and the dividends and interest thereof, and all bonuses and accretions thereto, belonging to the municipal corporation, without being subject to any trust for any charitable purposes, may be transferred by, and paid to, such persons as the council appoint by an instrument under the corporate seal, signed and sealed also by the clerk to the trustees of the municipal charities, who is on request to sign and seal it. Any stock and money so standing belonging to the trustees of the municipal charities, solely on charitable trusts, may be transferred by, and paid to, persons appointed under the hands and seals of a greater part of the trustees, the appointment being attested under the hand and seal of their clerk, and being also sealed with the corporate seal, which seal the mayor is, on request, to cause to be affixed thereto. The dividends and interest of any stock or money so standing, belonging partly to the municipal corporation, but subject to charitable trusts, may be paid to persons authorised to have the same paid to them, by an instrument in writing under the corporate seal, and appointed under the hands and seals of a greater part of the trustees, the appointment being attested under the hand and seal of their clerk. In every case the receipt of the person authorised to give a receipt to the company or society by an instrument under the corporate seal, and signed and sealed by the clerk to the trustees of the municipal charities, is to be an effectual discharge to the company or society.

So much of the money so paid as is held on charitable trusts is to be paid over to the trustees of the municipal charities, and so much as the municipal corporation is entitled to beneficially is to go to the borough fund. But the company or society are not bound to see to the application of that money, or to the validity of the appointment of the clerk to the trustees of the municipal

charities, or to the execution of any instrument, by any of them, or to inquire whether or not the stock or money is charged with or held on any charitable trust.

Every person authorised to so receive any money is to account to the council and to the trustees of the municipal charities for all money received by him, and on his failure so to account, a court of summary jurisdiction may, on complaint either of the council, or of the trustees, by summary order, require him to do so (s. 118).

Borrowing Powers as Urban Sanitary Authority and as Education Authority.

The council may, as an urban sanitary authority, borrow money for the purposes, and in the manner prescribed by the Public Health Acts, and as an education authority under the Education Act, 1903.

Trustee Investment.

A trustee may, unless expressly forbidden by the instrument (if any) creating the trust, invest any trust funds in (*inter alia*) nominal or inscribed stock issued, or to be issued, by the corporation of any municipal borough, having, according to the returns of the last census, prior to the date of the investment, a population exceeding fifty thousand, or by any county council under the authority of any Act of Parliament (56 & 57 Vict., c. 53, s. 1).

There is no power given to a local authority by the Municipal Corporations Act, 1882, to create and issue stock. Many corporations obtained the necessary powers to issue stock by special Acts of Parliament. In 1890, however, the Public Health Acts (Amendment) Act, an adoption Act, was passed which gave power to urban authorities, whether municipal corporations or otherwise, and having power to borrow money, to create and issue stock, with the consent of, and subject to regulations prescribed by the Local Government Board; the same to be laid before Parliament and be approved by His Majesty by order in council. The regulations made accordingly are dated September 26th, 1891, amended by those dated August 3rd, 1897, and August 8th, 1901, and April 5th, 1902.

Forged Transfer Acts, 1891 and 1892.

Under the provisions of the Forged Transfer Acts, 1891 (54 & 55 Vict., c. 43) and 1892 (55 & 56 Vict., c. 36), where a local authority, which expression includes the council of any county or municipal borough, issue, or have issued, shares, stock, or securities, transferable by an instrument in writing, or by an entry in any books or register, kept by or on behalf of the local authority,

they are to have power to make compensation by a cash payment out of their funds for any loss arising from a transfer of any such shares, stock, or securities in pursuance of a forged transfer, or of a transfer under a forged power of attorney, whether such loss arises, and whether the transfer or power of attorney was forged, before or after the passing of the Act, and whether the person receiving such compensation, or any person through whom he claims, has or has not paid any fee, or otherwise contributed to any fund out of which the compensation is paid. They may provide by transfer fees, insurance, reservation of capital, or accumulation of income, a fund to meet such claims for compensation. The authority may borrow money for providing such compensation, for a term not longer than five years, as in the case of the securities in respect of which compensation is to be provided, and charge expenses incurred to the fund or rate on which the said security is charged.

*Metropolitan Borough Councils—Constitution of—Chairman,
Aldermen.*

The metropolitan borough councils were created and incorporated in pursuance of the provisions of the London Government Act, 1899 (62 & 63 Vict., c. 14). To these councils were transferred the powers, duties, and liabilities of the vestries and district boards of the metropolis, which thereupon ceased to exist (s. 4 (1)). Although called boroughs, the provisions of the Municipal Corporations Acts generally do not apply to them; certain provisions of those Acts, however, are applied, with modifications, by incorporation in the London Government Act, 1899, of provisions of the Local Government Act, 1888, in which are incorporated, with modifications, provisions of the Municipal Corporations Acts. The London Government Act is an example of the inconvenience attending the method of legislating by incorporation, and reference to statutes in which the same method has been resorted to. The whole of the administrative County of London, exclusive of the City of London, is divided into metropolitan boroughs (s. 1). The council of each borough consists of a mayor, aldermen, and councillors. It is expressly declared that women are not eligible for any such office (s. 2 (1)). The number of aldermen is to be one-sixth of the number of councillors, and together the number is not to exceed seventy for each borough (s. 2 (3)). The provisions of the Local Government Act, 1888, with respect to the chairman of a county council, and to county aldermen, which are mainly taken from the Municipal Corporations Act, 1882, apply to the mayor and aldermen of a metropolitan borough (s. 2 (4)). These provisions have already been referred to in detail. It will be remembered that clerks in holy orders, and

other ministers of religion, and a peer owning, or registered as a Parliamentary voter in respect of the ownership of property in the county, may become aldermen (51 & 52 Vict., c. 41, s. 2 (2)). The mayor of a metropolitan borough, by virtue of his office, is a justice of the peace of the County of London (62 & 63 Vict., c. 14, s. 24). The law relating to the conduct of his functions, and proceedings of administrative vestries, may so the electors and members thereof, are applied to borough councils with certain modifications (s. 2 (5)).

Council as Urban Election of—Qualifications of.

The election of borough councillors is therefore regulated by the provisions of the Local Government Act, 1894, which are referred to in detail in connection with the urban district councils. They may be briefly summarised as follows:—A person is not qualified to be a councillor unless he is a parochial elector of some parish within the borough. The parochial electors of the borough or ward are the electors. Each elector may give one vote and no more for each of any number of persons not exceeding the number to be elected. The election is to be conducted according to rules framed by the Local Government Board, and, in case of a contest by ballot. The rules framed by the Local Government Board, and now in force, are dated February 26th, 1903.

Term of Office—Aldermen.

The term of office of a councillor is three years. One-third of the number elected for each ward retire in each year, unless there be an order for simultaneous retirement in every third year (s. 2 (8)). The aldermen are to be fit persons elected by the council from councillors or persons qualified to be councillors (51 & 52 Vict., c. 14, s. 14). The term of office is six years. One-half of the whole number go out of office every third year.

Mayor.

The mayor is to be elected by the council from among the aldermen or councillors, or persons qualified to be such.

Disqualification.

A mayor, alderman, or councillor is disqualified for the office if he is an infant or an alien, has, within twelve months before his election, or since, received union or parochial relief, has, within five years before his election or since, been convicted either on indictment or summarily of any crime, and sentenced to imprisonment with hard labour, without the option of a fine, or to

any greater punishment, and has not received a free pardon; or has, within, or during the said time, been adjudged bankrupt, or made a composition with his creditors, holds any paid office under the council, or is concerned in any bargain or contract entered into with the council, or participates in the profit of any such bargain or contract after the work done under the authority of the council. Disqualifications arise under other statutes.

Permitted Interests.

A person is not disqualified by reason of his being interested in the sale or lease of any lands, or by any loan of money to the council, or in any newspaper in which any advertisement, relating to the affairs of the council, is inserted, or in any contract with the council as a shareholder in any joint stock company. He is not to vote on any question in which the company are interested, but in certain cases this prohibition may be dispensed with (56 & 57 Vict., c. 73, s. 46).

Quorum Procedure.

The quorum is one-third of the whole number of the council. Meetings of the council are held for the transaction of business. The decisions are expressed by resolutions (18 & 19 Vict., c. 120, s. 57).

Committees.

Committees may be appointed for any purpose which, in the discretion of the council would be better regulated and managed by means of such committees (ss. 58 & 59). The committees are to report to the council, but, to the extent to which the council so direct, the acts and proceedings of the committees do not require the approval of the council. A committee may not, however, raise money by loan or by rate, or spend any money beyond the sum allowed by the council (62 & 63 Vict., c. 14, s. 8 (2)). Entries of all proceedings with the names of members who attend each meeting, are to be made in books kept for the purpose (18 & 19 Vict., c. 120, s. 60). The council have power to make and alter bye-laws, regulating the business and proceedings at meetings (s. 202). The council, being a corporate body, has a common seal, by which its more solemn acts are testified, and may acquire lands for the purposes of its powers and duties (62 & 63 Vict., c. 14, s. 5 (2)).

Powers and Duties.

The powers and duties of superseded vestries and district boards have been transferred to the metropolitan borough councils. These relate to many important matters, and include the

management of sewers, streets, and public lighting. The councils are the highway and sanitary authorities for their respective boroughs.

Nuisances, offensive trades, and many other matters are dealt with by them under the Public Health London Act, 1891, and some matters relating to buildings under the London Building Act, 1894. The councils are the authorities for administering the Baths and Wash-houses Acts, the Burial Acts, and the Public Libraries Acts, where adopted. The power and duty of maintaining main roads has been transferred to them, they are to enforce the bye-laws and regulations with respect to dairies and milk, to slaughter-houses, knacker-yards, and offensive businesses. They may alienate lands vested in them, promote and oppose Bills in Parliament, prosecute and defend in legal proceedings, and exercise many other powers and duties referred to in the second schedule of the Act (s. 6). The councils are not education authorities, but certain duties as to the management and sites of provided schools fall upon them, under the Education London Act, 1903.

Finance Committee—Payments.

Every council is, from time to time, to appoint a finance committee for regulating and controlling the finance of the council. No order for payment of any sum, whether on account of capital or income, is to be made, except in pursuance of a resolution of the council passed on the recommendation of the finance committee. Any costs, debt, or liability exceeding fifty pounds, are not to be incurred, except upon a resolution of the council passed on an estimate submitted by the finance committee. The notice of the meeting at which any resolution for the payment of any sum by the council, otherwise than for ordinary, periodical payments, or at which any resolution for incurring any costs, debt or liability exceeding fifty pounds, will be proposed, is to state the amounts and the purpose for which they are to be paid or incurred. These provisions do not apply to payments made in pursuance of a precept from another authority (62 & 63 Vict., c. 14, s. 8 (3)). All payments to and by the borough council are to be made to and by the borough treasurer, and all payments, unless made in pursuance of the specific requirements of an Act of Parliament, or of an order of a competent court, are to be made in pursuance of an order of the council signed by three members of the finance committee, present at the meeting of the council, and countersigned by the town clerk, and the same order may include several payments.

Cheques.

All cheques for payment of moneys issued in pursuance of any such order are to be countersigned by the town clerk, or by a

deputy approved by the council. Any such order may be removed into the High Court of Justice by writ of certiorari, and may be wholly or partly disallowed or confirmed on motion and hearing with or without costs, according to the judgment and discretion of the court (s. 9).

Expenses.

The expenses of a council are to be paid out of a general rate, which supersedes the old sewers and lighting rates. This general rate and the poor rate are, as one rate, termed the general rate, to be assessed, made, collected, and levied by the council as if it were a poor rate (s. 10 (2)). It is the only rate properly so called, now levied in London, and the borough council are the only rating authority. The council are to be the overseers of every parish within the borough. Other authorities in London entitled to contributions from rates raised in the borough address their precepts to the borough councils (s. 11). It will be remembered that by the London (Equalisation of Rates) Act, 1894, the London County Council are empowered, to some extent, to equalise the sanitary authorities rates by general rates over all London.

Accounts—Inspection of—Audit.

The council are to provide and keep books in which are to be entered true and regular accounts of all sums of money received and paid by them, or under their authority, and of all liabilities incurred by them, and of the several purposes for which sums of money are received and paid, and such liabilities incurred, and copies of all contracts entered into by such council (18 & 19 Vict., c. 120, s. 60). All such books, and books containing entries of proceedings, are at all reasonable times to be open to the examination of members, and of certain owners of property, rate-payers, and creditors on the rates, without fee or reward. They may make copies of, or take extracts therefrom. Members, officers, or servants of councils having the custody of such books, who, after a reasonable request, refuse, or do not permit such examination or taking of copies or extracts, are liable, on summary conviction for so offending, to forfeit a sum not exceeding ten pounds (s. 61). The accounts of councils and of committees appointed by them and their officers, including the accounts relating to the making, levy and collection of any rate, are to be made up and audited in the same manner as the accounts of county councils (62 & 63 Vict., c. 14, s. 14, 51 & 52 Vict., c. 41, s. 71, and 38 & 39 Vict., c. 55, ss. 247-250). The accounts will therefore be audited by the district auditors appointed by the Local Government Board in the manner described in connection with county councils and district councils.

Treasurer.

A vestry or district board were required to appoint or continue in office, and were empowered to remove at pleasure, treasurers and other necessary officers, and might allow them such salaries as they thought fit (18 & 19 Vict., c. 120, s. 62). These powers will now be exercised by the borough councils. No person holding the office of treasurer, nor his partner, nor any person in the service or employ of either of them, is to be eligible to, or in any manner assist or officiate in the office of clerk. A prohibition in similar terms is applied to the clerk, in respect of the office of treasurer (s. 63).

Interest in Contract with Council.

No officer of the council is to be in anywise concerned or interested in any contract or work made with, or executed for the council; and if any officer be so concerned or interested, or under colour of his office or employment, exact, take, or accept any fee or reward whatsoever, other than his proper salary and allowances, he is to be incapable of afterwards holding or continuing in any office or employment under the council, and to forfeit and pay the sum of fifty pounds, but no person, being a shareholder of any joint stock company, is to be prevented from being employed as an officer or servant by reason of any contract between such company and such council, or of any work executed by such company (s. 64).

Security.

Before any officer or servant enters upon any office or employment by reason whereof he will, or may, be intrusted with the custody or control of money, the council are to require and take from him such security for the faithful execution of such office or employment, and for duly accounting for all moneys which may be intrusted to him by reason thereof, as they may think sufficient; and every such officer and servant, as well, during his continuance in office or employment, as upon his resignation, dismissal, or ceasing to hold his office or employment, shall respectively, when, and in such manner as shall be required by the council, make out and deliver, a true and perfect account, in writing, signed by him, of all moneys received by him for the purposes of the Act, and stating how, and to whom, and for what purpose, such moneys have been disposed of; and shall, together with such account, deliver the vouchers or receipts for all payments made by him, and pay over to the treasurer, or such person as the council may appoint, all moneys owing by him. In the event of failure to comply with such requirement for the space of five days, proceedings may be taken against the defaulting officer,

resulting in imprisonment, and if such moneys be not paid over, distress may be levied upon the defaulting officer's goods and chattels, and in default of distress imprisonment may result (s. 65).

Borrowing Powers—London County Council Sanction.

The borrowing powers of vestries and district boards have been transferred to metropolitan borough councils. It is lawful, therefore, for a council, for the purpose of defraying any expenses incurred by them in the execution of the Metropolis Management Act, 1855, to borrow, and take up at interest on the credit of all or any of the moneys or rates authorised to be raised by them, and under the Act, any sums of money necessary for defraying any such expenses, and for the purpose of securing the repayment of any sums so borrowed, together with such interest the council may mortgage and assign over to the person by, or on behalf of, whom such sums are advanced, the respective moneys or rates upon the credit of which such sums are borrowed. The respective mortgagees are to be entitled to a proportion of the moneys or rates comprised in the respective mortgages, according to the sums mentioned therein to have been advanced. Each mortgagee is to be entitled to be repaid the sums so advanced with interest, without any preference over any other mortgagee, by reason of any priority of advance, or the date of his mortgage. No money is to be so borrowed without the previous sanction in writing of the London County Council (s. 183). If the London County Council refuse their sanction, or do not, within six months after application made, give their sanction to a loan, or attach conditions to their sanction, an appeal lies to the Local Government Board, whose decision is to be final (62 & 63 Vict., c. 14, s. 4 (1)). The councils are empowered with the like consent to borrow money for improvements within their boroughs (25 & 26 Vict., c. 102, s. 72).

Public Works Loan Commissioners.

The commissioners acting in execution of the Act (14 & 15 Vict., c. 23), and who were enabled to advance money out of the consolidated fund to a limited extent, may make advances to borough councils, the Public Works Loan Commissioners also under 25 & 26 Vict., c. 102.

Mortgage, Form of.

Every mortgage authorised to be made is to be by deed duly stamped, truly stating the date, consideration, and the time of payment, and is to be sealed with the seal of the council; and may be made according to the form E contained in the schedule

to the Act, or to the like effect, or with such variations or additions as the council and party advancing the money intended to be thereby secured may agree to.

Register of.

There is to be kept at the office of the council a register of the mortgages made by them, and within fourteen days after the date of any mortgage, an entry is to be made in the register of the number and date thereof; and of the names and descriptions of the parties thereto, as stated in the deed.

Inspection.

The register is to be open to public inspection during office hours without fee or reward (s. 185).

Repayment of Loans.

The council making any such mortgage may fix a time or times for the repayment of all or any principal moneys borrowed, and the interest thereof, and may provide for the repayment of such moneys, with interest, by instalments or otherwise, as they think fit. The time or times of repayment are to be inserted in the mortgage deed, unless otherwise provided, the place of payment is to be the principal office of the council, and the interest is to be paid half-yearly. If no time be fixed for repayment after the expiration of twelve months from the date of the deed, six months previous notice may be given by the mortgagees requiring repayment, or by the council of their intention to repay the amount, and the loan may be paid off accordingly (s. 186).

Re-borrowing.

A council may, with respect to any security for any existing debt or liability, borrow the moneys necessary for paying off such security, and pay off the same. The moneys so borrowed to be secured and repaid in like manner as if borrowed for defraying the expenses of the execution of the Act (s. 187).

Receiver.

If at the expiration of six months from the time when any principal money or interest amounting to £1,000, has become due upon any mortgage, and after demand in writing, the amount be not paid, the mortgagee may apply to justices to appoint a receiver, who, on appointment is to receive moneys or rates for the use of the mortgagee, and apply them accordingly without prejudice to rights of priority (s. 188).

Transfer.

Any mortgagee or other person entitled to any mortgage may transfer his estate and interest therein to any other person by deed duly stamped, truly stating its date, names, and descriptions of the parties thereto, and the consideration for the transfer. The transfer may be in the form contained in the Schedule F, or to the like effect. A register of transfers is to be kept at the office. Within thirty days after the date of any deed of transfer, if executed within the United Kingdom, or within thirty days after its arrival, if executed elsewhere, it is to be produced to the clerk who, upon payment of the sum of five shillings, is to cause an entry to be made in the register of its date, and the names and descriptions of the parties thereto, as stated in the transfer. Every transferee may, in like manner, transfer his estate and interest in any such mortgage. No person, except the person to whom the same has been last transferred, his executors, administrators, or assigns, is to be entitled to release or discharge any such mortgage, or any money secured thereby (s. 189). Provision is to be made by means of a sinking fund for the repayment of these mortgages (s. 190). The order in which the said mortgages are to be paid off is to be determined by ballot at a meeting of the authority (s. 191).

The Local Loans Act, 1875.

The Local Loans Act, 1875 (38 & 39 Vict., c. 83), has been referred to, and the following is a short account of its provisions. The Act does not confer any power upon a local authority to borrow, but a local authority may borrow, or re-borrow, in the manner there provided, any loan which it is authorised by some other Act to raise, and the authority is deemed to so act whenever it raises a loan, by the issue of debentures, debenture stock, or annuity certificates, purporting to be created under its powers. When, however, a local authority are authorised to borrow money by any Act, and the loan is directed to be raised by debentures, debenture stock, or annuity certificates, under the Local Loans Act, 1875, the prescribed mode only is to be adopted (ss. 4 and 34) with this exception, introduced by the Local Loans (Sinking Fund) Act, 1885 (48 & 49 Vict., c. 30), that every loan so borrowed may be discharged by the establishment of a sinking fund, as mentioned in the Act of 1875, notwithstanding that a sinking fund may not have been prescribed by the special Act authorising the loan (s. 4).

The early part of the 1875 Act contains regulations as to the issue of debentures, debenture stock, and annuity certificates (ss. 5, 6 & 7); sums raised in respect of the same loan do not take

priority the one over the other, by reason of priority of the dates of the securities, but, the securities for separate loans take priority, according to date (s. 8). No notice of any trust is to be received or registered (s. 9), and the owners of securities are not to be responsible for the application of the money by local authorities (s. 10). In addition to other remedies for non-payment, a receiver may be appointed who may levy rates in the place of the defaulting authority (s. 12). The discharge of every loan within the period prescribed in the authority to borrow, is to be secured (a) by the issue of annuity certificates limited to expire within the prescribed period; (b) the issue of debentures made payable in such a manner, that in each year such number of debentures will become due and be paid off as will secure the repayment of the whole sum secured by them by equal annual instalments extending over the whole of, or a less time, than the prescribed period; (c) the annual appropriation of a fixed sum; and (d) by a sinking fund (s. 13, and 48 and 49 Vict., c. 30, s. 4). Regulations as to the last two methods are to be found in sections 13 and 14 of 38 & 39 Vict., c. 83. There is to be an annual return as to the sinking fund to the Local Government Board (s. 16). Provisions follow as to the issue of coupons and stock certificates to bearer (ss. 17-20). The security is to be under the seal of the local authority when a corporate body (s. 22). There are, of course, provisions as to the registration of securities, the inspection and rectification of the register (ss. 23 & 25). The local authority may, if the Local Government Board allow, issue securities under the official sanction of the central authority, and such sanction is to be conclusive evidence that the local authority had power to issue the securities, that they have been duly issued, and are as to form and otherwise in conformity with the Act (s. 26). The Public Works Loans Commissioners may accept securities under the Act (s. 28). The schedule to the Act contains general rules with respect to the transfer and transmission of nominal securities, and the local authority may make others, for the purpose of carrying the Act into effect, and not inconsistent with it.

The Public Works Loans Act, 1875, etc.

The following is a brief reference to the provisions of the Public Works Loans Act, 1875, and the amending Acts. The Public Works Loans Commissioners, constituted under the Act, have power, at their discretion, to advance money to local authorities, for the purposes mentioned in the schedule to the Act, also for other purposes, authorised by the Public Health Act, 1875, the Municipal Corporations Act, 1882, and other statutes. The Commissioners, in considering the propriety of granting a loan, are to have regard to the sufficiency of the security, and whether the

work for which the loan is asked would be such a benefit to the public as to justify a loan out of public money, having regard to the amount of money placed at their disposal by Parliament (s. 9). The security is usually a mortgage of property or a rate (s. 12). The rate of interest is to be fixed by the Treasury from time to time, having regard to the duration of the loans, and not less than $2\frac{1}{2}$ per cent. per annum. The Public Works Loans Act, 1897 (60 & 61 Vict., c. 51, s. 1). The Treasury minute now in force is dated March 3rd, 1904, and provides as follows:—

Period of Repayment.		Rates of Interest.	
Not exceeding 20 years		$3\frac{1}{2}$ per cent. per annum.	
"	30	"	$3\frac{3}{4}$ " "
"	40	"	4 " "
"	50	"	$4\frac{1}{4}$ " "

In case default be made by the local authority in payment of the loan, the Commissioners may themselves step in and forthwith make and levy the rates mortgaged, and appoint an officer of their own for that purpose, and the moneys thus raised are applicable only to the payment of the sum due to the Commissioners and their costs, without regard to any other mortgages, the surplus (if any) being payable to the borrowing authority (s. 23). In effect the Commissioners, by means of this provision, obtain a priority for their mortgages, over those of other lenders, upon whom the right described has not been conferred.

Public Works Loans Commissioners' Loan Account.

The Public Works Loans Act, 1882 (45 & 46 Vict., c. 62), s. 8, provides that where after the passing of the Act any money is advanced by the Public Works Loan Commissioners on the security of a rate, the borrowers are to cause their treasurer to keep a separate account under the title of the Public Works Loan Commissioners' Loan Account, or such other title as may be approved by the Local Government Board, and are to cause all the advances to be carried to the credit of that account, and all orders and other documents directing payment out of such account are to show on the face of them that the payment is to be made out of that account, and an order or other document for a payment out of the said account is not to be made or given except the payment is for a purpose for which the said advances were made.

LECTURE III.

[* Delivered before the Institute, Wednesday, December 7th, 1904.]

THE following is a summary of the facts and of the provisions of statutes and orders which formed the subject of Lecture III:—

Urban District Councils—Public Health Act, 1875—Title.

The Public Health Act, 1875 (38 & 39 Vict., c. 55), consolidated the law relating to public health. For the purposes of that Act, the whole of England, except the metropolis, was divided into urban sanitary districts, and rural sanitary districts, which were placed under the jurisdiction of urban sanitary and rural sanitary authorities respectively. The mayor, aldermen, and burgesses, acting by the council, were and are the urban sanitary authority in a borough. In Improvement Act districts, the Improvement Commissioners, and in local government districts under the Public Health Act, not included in boroughs or Improvement Act districts, the Local Board were the urban sanitary authority (s. 5). The rural districts comprised the areas of the several unions, excepting the parts included in urban districts, and the guardians for these areas acted as the rural sanitary authority (s. 9). By the passing of the Local Government Act, 1894, the Local Boards and Improvement Commissioners were named urban district councils (21 (1)), and the rural sanitary authorities, rural district councils (21 (2)).

Incorporation.

Urban district councils are endowed with perpetual succession and a common seal, with power to sue and be sued, and to hold lands for the purposes of the Public Health Acts without any licence in mortmain (38 & 39 Vict., c. 55, s. 7).

Qualifications of Councillor—Election—Parochial Electors—Mode of Election.

A person is not qualified to be elected or to be a councillor unless he is a parochial elector of some parish within the district, or has, during the whole of the twelve months preceding the election, resided in the district, and no person is disqualified by sex or marriage for being elected or being a councillor (56 & 57 Vict., c. 73, s. 23 (2)). The councillors are elected by the parochial electors

* And at Liverpool, Monday, December 5th, 1904.

(23 (3)). The parochial electors are the persons registered in such portion of the local government register, or the Parliamentary register of electors, as relates to the parish (s. 2 (1)). Each elector may give one vote and no more for each of any number of persons not exceeding the number to be elected (23 (4)). The mode of election is by ballot (s. 48 (3)), and is to be conducted in accordance with rules framed by the Local Government Board (23 (5)). The general order of the Local Government Board now in force is dated the 1st January, 1898.

Term of Office.

The term of office of a councillor is three years. Usually one-third of the number retire each year, on the 15th of April, and the newly-elected councillors take their places, but an order may be made by the county council, on the request of a two-thirds majority of an urban district council, for the retirement of the whole of the members together on the 15th of April in every third year (23 (6)).

Number of Councillors—Annual Meeting.

The number of councillors may be altered by the county council (51 & 52 Vict., c. 41, s. 57). An urban district council is required to hold an annual meeting as soon as may be convenient after the 15th of April in each year, and other meetings for the transaction of business, once at least in each month, and at such other times as may be necessary for properly executing their powers and duties (38 & 39 Vict., c. 55, s. 199, Sched. I, r. 10).

Procedure at Meetings—Quorum of Members—Chairman.

No business is to be transacted unless at least one-third of the full number of members be present thereat, but in no case is a larger quorum than seven members to be required (Sched. I, r. 2). A chairman for the year is to be appointed at the annual meeting (Sched. I, r. 3), and by virtue of his office he is a justice of the peace for the county in which the district is situate (56 & 57 Vict., c. 73, s. 22). He may be elected from outside the council (s. 59 (1)); a vice-chairman may also be appointed (s. 59 (2)).

Every question at a meeting is to be decided by a majority of votes of the members present and voting on the question (r. 7). The chairman has a casting vote (r. 8).

Minutes of Proceedings.

Minutes are to be kept of the proceedings at meetings, and they should contain a record of the voting (rr. 6 & 10).

Committees.

Committees may be appointed to hold office until the next annual meeting, either wholly or partly of the members of the council, for the exercise of powers, which, in the opinion of the council, can be properly exercised by committees. The acts of the committees are to be submitted to the council for approval.

Delegation of Powers.

A council may not delegate to a committee the power of raising any loan, or the making of any rate or contract (56 (1)).

Joint Committees—Resignation—Disqualification—Permitted Interests.

Councils have power to appoint joint committees, but the power to borrow money, or make any rate is not to be delegated to such a committee (s. 57 (1 & 2)). A councillor may resign his office (s. 48 (4)). A person is disqualified for being elected, or for being a member or chairman of a council, if he (a) is an infant or an alien, or (b) has, within twelve months before his election, or since his election, received union or parochial relief, or (c) has, within five years before his election, or since his election, been convicted, either on indictment or summarily of any crime, and sentenced to imprisonment with hard labour without the option of a fine, or to any greater punishment, and has not received a free pardon, or has, within or during the time aforesaid, been adjudged bankrupt, or made a composition or arrangement with his creditors, or (d) holds any paid office under the council, or (e) is concerned in any bargain or contract entered into with the council or board, or participates in the profit of any such bargain or contract, or of any work done under the authority of the council or board (s. 46 (1)), but such a person is not disqualified by reason of being interested (a) in the sale or lease of any lands, or of any loan of money to the council or board, or in any contract with the council for the supply from land, of which he is owner or occupier, of stone, gravel, or other materials, for making or repairing highways or bridges, or in the transport of materials for the repair of roads or bridges in his own immediate neighbourhood, (b) in any newspaper in which any advertisement relating to the affairs of the council or board is inserted, or, (c) in any contract with the council or board as a shareholder in any joint stock company (s. 46 (2)).

Powers and Duties—Power to acquire Land.

The powers and duties of urban district councils are very varied and far-reaching, and many of them are of the utmost im-

portance as affecting the public health. They relate to the maintenance, repair, and lighting of highways, the making-up of private streets, the sewerage and drainage and sewage disposal of the district, to the scavenging and cleansing of streets and houses, the abatement of nuisances, to common lodging-houses, and houses let in lodgings, sale of food and drugs, bakehouses, offensive trades, the prevention of infectious diseases, and the provision of isolation hospitals and mortuaries; the regulation of new streets and buildings, and the provision of public pleasure grounds, markets, and slaughter-houses, the housing of the working classes, the provision of allotments, citizens' dwellings, baths and wash-houses, cemeteries, water supply and the protection of water, gas supply and electric lighting, public libraries, pollution of rivers, and many other matters. A local authority may, for the purposes of the Public Health Acts, and as there provided, purchase, or take on lease, sell, or exchange any lands within or without their district by agreement or by compulsion under the Land Clauses Acts (ss. 175-176). There are many enactments subsequent to the Public Health Act, 1875, enabling district councils to acquire lands for carrying out the purposes of those Acts.

Under the Education Act, 1903, in an urban district where the population is over 20,000, the urban district council are the education authority for the district for the purposes of elementary education.

Contracts and Seal.

Every contract made by an urban district council whereof the value or amount exceeds £50, is to be in writing, and sealed with the common seal of the authority (s. 174 (1)), and this provision is imperative, and should be borne in mind in connection with all dealings with urban district councils. A contract of the value mentioned, unless under the seal of the authority, cannot be enforced. Every such contract is to specify the work, materials, matters, or things to be furnished, had or done, the price to be paid, and the time or times within which the contract is to be performed, and is to specify some pecuniary penalty to be paid in case the terms of the contract are not duly performed (s. 174 (2)). This provision as to a pecuniary penalty is obligatory also. In the case "*The British Insulated Wire Co., Ltd., v. The Prescott Urban District Council*" (1895), 2 Q.B. 463, the plaintiffs and the defendants entered into a contract in writing, duly sealed with the seal of the defendants, whereby the plaintiffs agreed to efficiently light, by means of electricity, the streets within the defendants' district for a period of five years for the annual sum of £350, to be paid by the defendants quarterly in each year. The contract contained stipulations with respect to the materials to be supplied, the things to be done, the

prices to be paid, etc., but contained no clause specifying any pecuniary penalty to be paid in case its terms were not duly performed. The plaintiffs sought to recover quarterly and other payments alleged to be due under the contract, but it was held that the contract was void, and not enforceable against the defendants.

There are other provisions requiring the authority before contracting for the execution of works, to obtain from their surveyor, in writing, an estimate of the cost, and a report as to the most advantageous mode of contracting (s. 174 (3)). These requirements are directory only, and a non-observance of them will not render a contract invalid. Before any contract of the value or amount of £100 or upwards is entered into by an urban authority, ten days' public notice at the least is to be given, expressing the nature and purpose thereof, and inviting tenders for the execution of the same, and the authority are to require and take sufficient security for the due performance of the contract (s. 174 (4)).

Treasurer.

Every urban authority are, from time to time, to appoint, amongst other officers, a fit and proper person to be treasurer, and may make regulations with respect to the duties of the officers, and pay to them such reasonable salaries or allowances as the authority think proper. The officer so appointed is removable by the authority at their pleasure (s. 189).

The appointment should be recorded on the minutes, and if it be of the value of £50, the contract should be under the seal of the authority, otherwise the officer appointed, if he sought to raise any question as to a breach of the engagement in a Civil Court, would not be in a position to enforce its provisions. Neither the person holding the office of treasurer, nor his partner, nor any person in the service or employ of them, or either of them, is eligible to hold, or in any manner to assist or officiate in the office of clerk, and neither the person holding the office of clerk, nor his partner, nor any person in the service or employ of them, or either of them, is eligible to hold or in any manner to assist or officiate in the office of treasurer. Any person offending against this enactment is liable to forfeit and pay the sum of £100 (s. 192).

Not to Contract with Local Authority.

An officer of an urban authority must not in anywise be concerned or interested in any bargain or contract made with such authority for any of the purposes of the Public Health Act, 1875. If he is so interested, or, under colour of his office or employment, exacts or accepts any fee or reward whatsoever, other than his proper salary and allowances, he is incapable of afterwards holding or continuing in any office or employment under the Act, and

liable to forfeit and pay the sum of £50 (s. 193). This provision has been modified so that it is not unlawful for an officer appointed, or whose appointment is approved by the urban authority, with the consent of two-thirds of the number of members of the authority present at a meeting held after seven clear days' notice in writing sent to every member, and published in some newspaper circulating in the neighbourhood, that the question is to be considered, to be concerned or interested in any contract with the authority for the sale, purchase, leasing, or hiring of any lands, rooms, or offices, or to be concerned in any contract with the local authority as a shareholder in any joint stock company. Public Health (Members and Officers) Act, 1885 (48 & 49 Vict., c. 53, s. 2).

Security—Officers to Account.

Before any officer of a local authority enters on any office or employment under the Act, by reason whereof he will, or may be, intrusted with the custody or control of money, the local authority by whom he is appointed are to take from him sufficient security for the faithful execution of such office or employment, and for duly accounting for all moneys which may be intrusted to him by reason thereof (s. 194). Every officer must, when, and in such manner as may be required by the authority, make out and deliver to them, a true and perfect account in writing of all moneys received by him for the purposes of the Act, stating how, and to whom, and for what purpose, such moneys have been disposed of, and must, together with such account, deliver the vouchers or receipts for all payments made by him, and pay over to the treasurer all moneys owing by him on the balance of accounts (s. 195). Every officer and servant employed in the collection of any rate made under the Act, must, within seven days after he has received any moneys on account of any such rate, pay over the same to the treasurer (s. 196). A local authority may institute proceedings before a Court of Summary Jurisdiction for the punishment by imprisonment of any officer or servant employed by them under the Act, who fails to render accounts, or to produce and deliver up vouchers and receipts, or to pay over any moneys as and when required by the Act, or fails within five days after written notice in that behalf from the local authority to deliver up to them all books, papers, writings, property, and things in his possession or power, relating to the execution of the Act, or belonging to such authority (s. 196).

Expenses—District Fund.

All expenses incurred or payable by an urban authority in the execution of the Public Health Acts, and not otherwise provided for, are to be charged on, and defrayed out of the district fund,

and general district rate leviable by them, subject to certain exceptions to be found in s. 207 and the Local Government Act, 1894, s. 28. The authority are to continue or establish a fund called the district fund. A separate account called the "district fund account" of all moneys carried to the account of that fund is to be kept by the treasurer of the authority, and such moneys are to be applied by the urban authority in defraying such of the expenses chargeable thereon under the Act as they may think proper (s. 209).

General District Rate—Accounts and Audit.

For the purpose of defraying any expenses chargeable on the district fund, which that fund is insufficient to meet, the urban authority are, from time to time, as the occasion may require, to make, by writing under their common seal, and levy, in addition to any other rate leviable by them, under the Act, a rate or rates to be called "general district rates." Any such rate may be made and levied prospectively, in order to raise money for future charges and expenses, or retrospectively in order to raise money for the payment of charges and expenses incurred at any time within six months before the making of the rate (s. 210). The other rates leviable may include water rates, highway rates, and private improvement rates. The money required by an urban district council as education authority, and for the purposes of elementary education, is raised by means of precepts addressed to the overseers of the poor of the parishes in the district. It is in the discretion of the urban district council as to the manner in which they will defray expenses chargeable to the district fund account. The usual practice seems to be for the authority to make by resolution, some such regulation as the following: "That any three members of the urban district council be authorised to sign orders on the treasurer for sums ordered by the said council to be paid, the same to be countersigned by the clerk." The practice is probably based upon the statutory requirement which applies to municipal corporations, already noticed. There should be a minute authorising the orders to be made upon the treasurer. The signature of the clerk is a guide to the treasurer that this requirement has been complied with. He should take care to be made acquainted with the regulations in force for the time being, as to the manner in which orders are to be made upon him, to be furnished with the signatures of the councillors, and particulars of changes which occur in the constitution of the council. The accounts of the receipts and payments of district councils, and their committees and officers, are to be made up yearly to the 31st day of March, and in such form as the Local Government Board prescribe (56 & 57 Vict., c. 73, s. 58 (1)) and

(38 & 39 Vict., c. 55, s. 245), and they are to be audited by a district auditor (s. 58 (2)).

The Local Government Board may, from time to time, by order, make such regulations as seem to them necessary or proper respecting the audit of such accounts. The District Auditors' Act, 1879 (42 & 43 Vict., c. 6, s. 5).

The Local Government Board issued a general order as to the accounts of local boards on the 22nd of March, 1880, and this has not been superseded, so far as urban district councils are concerned, by an order under the provisions of s. 58 of the Local Government Act, 1894. The following provision as to the treasurer's account is contained in Art. 5 of that order:—"The "Treasurer of the Local Board shall keep an account according "to the Form E in the said Schedule, in which shall be entered, "punctually and accurately, all moneys received and paid by "him on behalf of the Local Board. He shall balance and sign "this account quarterly, or at such other times as may be "directed by the Local Board." For the words "Local Board" should be read the words "Urban District Council." The Form E is appended hereto (*see* p. 100).

Audit.

When the urban authority is not the council of a borough, the following regulations with respect to audit must be observed. The accounts of the receipts and expenditure of the authority are to be audited and examined once in every year, as soon as can be after the 25th day of March, by the auditor of accounts relating to the relief of the poor (s. 247 (1)). Before each audit the authority, after receiving from the auditor the requisite appointment, are to give at least fourteen days' notice of the time and place at which the same will be made, and of the deposit of the accounts for inspection, by advertisement in some one or more of the local newspapers circulated in the district (s. 247 (3)). A copy of the accounts duly made up and balanced, together with all rate books, account books, deeds, contracts, accounts, vouchers and receipts, mentioned or referred to in such accounts, are to be deposited in the office of the authority, and be open during office hours thereat, to the inspection of all persons interested, for seven clear days before the audit, and all such persons are to be at liberty to take copies of, or extracts from the same without fee or reward; and any officer of the authority, duly appointed in that behalf, neglecting to make up such accounts and books, or altering such accounts and books, or allowing them to be altered when so made up, or refusing to allow inspection thereof, will be liable to a penalty not exceeding five pounds (s. 247 (4)).

For the purposes of the audit, the auditor may, by summons in writing, require the production before him of all books, deeds,

contracts, accounts, vouchers, receipts, and other documents and papers which he may deem necessary, and may require any person holding, or accountable for, any such books, etc., to appear before him at any such audit, or any adjournment thereof, and to make and sign a declaration as to the correctness of the same. A penalty not exceeding forty shillings is incurred for every neglect or refusal. If any person falsely or corruptly makes or signs any such declaration, knowing the same to be untrue in any material particular, he will be liable to the penalties inflicted on persons guilty of wilful or corrupt perjury (s. 247 (5)). Any ratepayer or owner of property in the district may be present at the audit, and may make any objection to such accounts before the auditor; they have the same right of appeal against allowances by the auditor as they have against disallowances (s. 247 (6)). An auditor is to disallow every item of account contrary to law, and surcharge the same on the person making or authorising the making of the illegal payment, and to charge against any person accounting the amount of any deficiency or loss incurred by the negligence or misconduct of that person, or of any sum, which ought to have been, but is not, brought into account by that person, and he is in every such case to certify the amount due from such person, and on application by any party aggrieved, he is to state in writing the reasons for his decision in respect of such disallowance or surcharge, and also of any allowance which he may have made (s. 247 (7)). Any person aggrieved by disallowance made, may apply to the Court of King's Bench for a writ of certiorari to remove the disallowance into the said Court, in order to question the legality of the auditor's decision, or, he may, in lieu of such application, appeal to the Local Government Board (s. 247 (8)). The Local Government Board are empowered to decide as to the lawfulness of the reasons stated by the auditor for the disallowance or surcharge, and where they uphold his decision they may, upon payment of the auditor's costs (if any) incurred in taking steps to enforce payment, remit the disallowance or surcharge, if they consider that the subject matter thereof was incurred under such circumstances as make it fair and equitable that this course should be taken. Every sum, certified to be due from any person by an auditor, is to be paid to the treasurer of the authority within fourteen days after the same has been so certified, unless there be an appeal against the decision. If not paid, and there is no appeal, it is the duty of the auditor to recover the sum certified to be due (s. 247 (9)).

Within fourteen days after the completion of the audit, the auditor is to report on the accounts audited and examined, and to deliver the report to the clerk of the authority, who is to cause the same to be deposited in their office, and to publish an abstract of such accounts in some one or more of the local newspapers cir-

culated in the district (s. 247 (10)). The accounts of officers or assistants of any local authority who are required to receive moneys or goods on behalf of such authority, are to be audited by the auditor of the accounts of such authority, and with the same powers, incidents, and consequences as in the case of such last-mentioned accounts (s. 250). The officers of the authority who by law are liable to account to the district auditor, are to attend at the time and place appointed by him for the audit of their accounts, and to submit to him all books and accounts, which they are required to keep, together with all documents and vouchers, containing or relating to such books or accounts. The same are, at the time of the audit, to be open to the inspection of any owner of property or ratepayer interested in the accounts, but not so as, in the judgment of the auditor, to interfere with the audit. Art. 13. Accounts of Local Boards Order, March 22nd, 1880.

The authority are to prepare and submit to the district auditor at the audit a financial statement in the form prescribed by the Local Government Board. A duplicate, stamped and certified by the auditor as correct, is to be sent by him to the Local Government Board (42 & 43 Vict., c. 6, s. 3). If the authority or their clerk, or if no clerk, the treasurer or other officer keeping the accounts, which should be comprised in the financial statement, fail to prepare and submit the same to the auditor as required, they will be liable to a fine not exceeding £20 for each such offence.

Borrowing Powers.

A local authority may, with the sanction of the Local Government Board, for the purpose of defraying any costs, charges, and expenses incurred, or to be incurred by them in the execution of the Sanitary Acts (s. 4), or of the Public Health Act, 1875, or for the purpose of discharging any loans contracted under the Sanitary Acts, or the Public Health Act, 1875, borrow or re-borrow, and take up at interest, any sums of money necessary for defraying any costs, charges, and expenses, or for discharging any such loans. An urban authority may borrow or re-borrow any such sums on the credit of any fund, or all or any rates or rate, out of which they are authorised to defray expenses incurred by them in the execution of the Public Health Acts, and for the purpose of securing the repayment of any sums so borrowed with interest thereon, they may mortgage to persons by, or on behalf of whom such sums are advanced any such fund or rates or rate (s. 233).

Exercise of Borrowing Powers.

The exercise of these borrowing powers is subject to the following regulations, viz. : (1) Money is not to be borrowed except for

permanent works, including, under this expression, any works of which the cost, in the opinion of the Local Government Board, ought to be spread over a term of years. (2) The sum borrowed is not at any time to exceed, with the balance of all outstanding loans, contracted by the local authority under the Sanitary Acts and the Public Health Act, 1875, in the whole, the assessable value for two years of the premises assessable within the district, in respect of which such money may be borrowed. (3) Where the sum proposed to be borrowed with such balances (if any) would exceed the assessable value for one year of such premises, the Local Government Board are not to give their sanction to such loan, until one of their inspectors has held a local inquiry and reported to the said board. (Money borrowed under the Small Dwellings Acquisition Act, 1899 (62 & 63 Vict., c. 44), is not to be reckoned as part of the debt for the purpose of this limitation.) (4) The money may be borrowed for such time not exceeding sixty years, as the local authority, with the sanction of the Local Government Board, determine in each case, and the local authority are to pay off the moneys so borrowed, by equal annual instalments of principal, or of principal and interest, or they are in every year to set apart as a sinking fund, and accumulate in the way of compound interest, by investing the same in the purchase of Exchequer Bills or other Government securities, such sum as will, with accumulations in the way of compound interest, be sufficient after payment of all expenses, to pay off the moneys so borrowed within the period sanctioned. (5) A local authority may at any time apply the whole, or any part, of a sinking fund set apart under the Public Health Act, in, or towards the discharge of the moneys, for the repayment of which the fund has been established; provided that they pay into the fund in each year, and accumulate until the whole of the moneys borrowed are discharged, a sum equivalent to the interest which should have been produced by the sinking fund, or the part of the sinking fund so applied. (6) Where money is borrowed for the purpose of discharging a previous loan, the time for repayment of the money so borrowed is not to extend beyond the unexpired portion of the period for which the original loan was sanctioned, unless with the sanction of the Local Government Board; and in no case is it to be extended beyond the period of sixty years from the date of the original loan (s. 234). The above-mentioned limit of investment has been extended by s. 7 of the Trust Investment Act, 1889 (52 & 53 Vict., c. 32). It is there enacted that, where any urban or rural sanitary authority are authorised or required to invest any money for the purpose of a loans fund, or a sinking fund, any enactment relating to such investment shall be modified so far as to allow such money to be invested in any of the stocks, funds, shares, or securities in which trustees are authorised by that Act.

to invest, except that such authority shall not by virtue of the section, invest in any stock, funds, shares, or securities issued or created by themselves, nor in any real or heritable securities; and it is not lawful for any such authority to retain any securities which are liable to be redeemed at a fixed time, at par, or at any other fixed rate, and are at a price exceeding their redemption value, unless more than fifteen years will elapse before the time fixed for redemption. The investments authorised by s. 1 of the Trustee Act, 1893 (56 & 57 Vict., c. 53), are now substituted for those above referred to.

Power to Borrow on Credit of Sewage Land and Plant.

Where any local authority are possessed of any land, works, or other property, for the purpose of disposal of sewage, pursuant to the Public Health Act, 1875, they may borrow any moneys on the credit of such lands, works or other property, and may mortgage such lands, works or other property to any person advancing such moneys, in the same manner, in all respects, as if they were the absolute owner, both at law and in equity of the lands, works, or other property so mortgaged. The moneys so borrowed are to be applied for purposes for which moneys may be borrowed under the Public Health Act, but it is not, in any way, incumbent on the mortgagees to see to the application of such moneys, nor are they to be responsible for any misapplication thereof (s. 235). These powers of borrowing, where the sums borrowed do not exceed three-fourths of the purchase money of such lands (but not otherwise) are to be deemed to be distinct from, and in addition to the general borrowing powers conferred on a local authority by the Public Health Act. The authority may pay interest on moneys so borrowed out of any rates leviable by them for the purposes of the Public Health Act (s. 235). This power may be exercised without the control of the Local Government Board, and the mortgage is not limited to a fixed period.

Mortgage, Form of.

Every mortgage, authorised to be made under the Public Health Act, is to be by deed, truly stating the date, consideration, and the time and place of payment; it is to be sealed with the common seal of the local authority, and may be made according to the form contained in Sched. IV to the Public Health Act, 1875, or to the like effect (s. 236).

Mortgages, Register of—Mortgages, Transfer of.

There is to be kept at the office of the local authority a register of the mortgages on each rate, and within fourteen days after the date of any mortgage, an entry is to be made in the register of

the number and date thereof, and of the names and description of the parties thereto, as stated in the deed. Every such register is to be open to public inspection during office hours, at the said office, without fee or reward, and any clerk or other person having the custody of the same, refusing to allow such inspection, will be liable to a penalty not exceeding five pounds (s. 237). Any mortgagee or other person entitled to any mortgage under the Act, may transfer his estate and interest therein to any other person by deed duly stamped, truly stating its date and the consideration for the transfer; the transfers may be according to the form contained in Sched. IV to the Act, or to the like effect. There is to be kept at the office of the local authority a register of the transfers of mortgages charged on each rate, and within thirty days after the date of such deed of transfer, if executed within the United Kingdom, or, within thirty days after its arrival in the United Kingdom, if executed elsewhere, the same is to be produced to the clerk of the local authority, who is, on payment of a sum, not exceeding five shillings, to cause an entry to be made in such register of its date, and of the names and description of the parties thereto, as stated in the transfer; and until such entry is made the local authority is not to be in any manner responsible to the transferee. On the registration of any transfer, the transferee, his executors, or administrators, is to be entitled to the full benefit of the original mortgage, and the principal and interest secured thereby; and any transferee may in like manner transfer his estate and interest in any such mortgage; and no person except the last transferee, his executors, or administrators, is to be entitled to release or discharge any such mortgage or any money secured thereby. If the clerk of the local authority wilfully neglects or refuses to make in the register any entry so required to be made, he will become liable to a penalty not exceeding twenty pounds (s. 238). The Forged Transfers Acts, 1891 and 1892 (54 & 55 Vict., c. 43, and 55 & 56 Vict., c. 36), contain provision for the protection of persons against loss arising from forged transfers. In "*Sheffield Corporation v. Barclay*" (1903), 2 K.B. 580, the defendants presented for registration a transfer to themselves of stock issued by the plaintiff corporation, with a letter requesting the corporation to register the transfer, and to send them a new certificate. One of the signatures to the transfer was in fact forged, though the defendants believed it to be genuine. The corporation, believing the transfer to be genuine, registered it, and issued a certificate to the defendants as holders of the stock. It was admitted that there was no negligence on the part of the corporation, and that the defendants acted *bonâ fide*. Soon afterwards the stock was sold, and was transferred to the purchaser, who was duly registered as the holder. Some years afterwards the forgery was discovered, and the corporation were compelled to

make good the loss to the original holder by purchasing other stock for him. The duties of the corporation as to the transfer of stock were regulated by a private Act, the provisions of which were, in substance, the same as those of the Companies Act, 1862, with regard to the transfer of shares in companies formed under that Act; held that as the transfer to the defendants was registered, and the certificate issued to them by the corporation in pursuance of their statutory duty, and not voluntarily by reason of a request by the defendants, there was no implied contract by the defendants to indemnify the corporation against the loss which they had sustained.

Receiver, Appointment of.

If at the expiration of six months from the time when any principal money or interest has become due on any mortgage of rates, made under the Public Health Act, 1875, and after demand in writing the same is not paid, the mortgagee, or other person entitled thereto may, without prejudice to any other mode of recovery, apply for the appointment of a receiver, to a Court of Summary Jurisdiction, and such Court may, after hearing the parties, appoint in writing under their hands and seals, some person to collect and receive the whole or a competent part of the rates liable to the payment of the principal or interest, in respect of which the application is made, until such principal or interest, or both, as the case may be, together with the costs of the application, and of collection, are fully paid.

On such appointment being made, all such rates, or such competent part thereof, are to be paid to the person appointed, and when so paid is to be so much money received by or to the use of the mortgagee or mortgagees of such rates, and shall be rateably apportioned between them, provided no such application is to be entertained unless the sum or sums due and owing to the applicant, amount to one thousand pounds, or unless a joint application is made by two or more mortgagees, or other persons, to whom there may be due, after such lapse of time, and demand, moneys, collectively amounting to that sum (s. 239).

Rent Charge.

When any person has advanced money for expenses declared to be private improvement expenses, the local authority, being satisfied that the money advanced has been duly expended, may issue a grant in the form in Sched. IV of the Public Health Act, 1875, to such person, of a yearly rent charge, issuable out of the premises, in respect of which such advance has been made. Such rent charge is to be personal estate, and be payable by equal half-yearly payments during a term not exceeding thirty years,

so that the whole of the sum advanced, with the costs of preparing the grant, together with interest, not exceeding six pounds per cent. per annum on the sum remaining unpaid, shall be repaid at the end of the said term (s. 240). Rent charges issued and transferred under the Act are to be registered in the same manner as mortgages, and transfers of mortgages (s. 241).

Public Works Loan Commissioners' Power to Lend to a Local Authority.

The Public Works Loans Commissioners may, on application, make a loan to any local authority for the purposes of the Public Health Act, 1875, on the security of any fund or rate applicable to any of the purposes of the Act (s. 242). The Public Works Loans Acts, 1875 to 1900, govern advances made by the Public Works Loans Commissioners. The Commissioners may also, on the application of any local authority, and on the recommendation of the Local Government Board, make a loan to such authority, whether for works already executed or to be executed, for the like purposes, and on the like security, to be repaid within a period not exceeding fifty years (s. 243), and at certain low rates of interest set forth in a notice of the Treasury, dated March 3rd, 1904, and published in the "London Gazette," in pursuance of the powers conferred upon them by s. 1. Public Works Loans Act, 1897 (60 & 61 Vict., c. 51).

Joint boards and port sanitary authorities under the Public Health Act, for the purposes of their constitution, have the like powers of borrowing on the credit of any fund or rate applicable by them to purposes of the Act; or, on the credit of sewage land and plant, and subject to similar restrictions. The Public Works Loans Commissioners may make advances to these authorities (s. 244).

Issue of Stock.

When an urban authority have adopted Part V of the Public Health Acts (Amendment) Act, 1890, and have, for the time being, either in their capacity as urban authority, or in any other capacity, any power to borrow money, they may, with the consent of the Local Government Board, exercise such power by the creation of stock, to be created, issued, transferred, dealt with, and redeemed in such manner, and in accordance with such regulations as the Local Government Board may from time to time prescribe (53 & 54 Vict., c. 59). Such regulations may provide for the discharge of any loan raised by such stock, and, in the case of consolidation of debt, for extending or varying the times within which loans may be discharged, and may provide for the consent of limited owners and for the application of the Acts relating to

stamp duties and to cheques, and for the disposal of unclaimed dividends, and may apply, with or without modifications, any enactment of the Local Loans Act, 1875, and the Acts amending the same, and of any Act relating to stock issued by the Metropolitan Board of Works, or the County Council of London, or by the corporation of any municipal borough. The Local Government Board prescribed regulations which were confirmed by Order in Council, dated September 26th, 1891 (S. R & O, 1891, p. 609), amended by regulations confirmed by Orders in Council dated August 3rd, 1897 (S. R & O, 1897, p. 80), August 8th, 1901 (S. R & O, 1901, p. 65), and April 5th, 1902 (S. R & O, 1902, p. 61).

The powers of an urban district council to borrow for the purposes of the Education Act, 1902, are described in Lecture I.

The Housing of the Working Classes Act, 1903 (3 Edw. VII, c. 39), s. 1, extended the maximum period for the repayment of loans raised for the purposes of the Housing of the Working Classes Acts, to eighty years, but leaving the actual period for repayment, subject to this limitation, to be determined with the sanction of the Local Government Board, and further provides that loans raised for the purposes of these Acts are not to be taken into account for the purposes of the limitations on borrowing in s. 234 (2) & (3) of the Public Health Act, 1875.

Rural District Councils—Title—Incorporation—Rural Districts—Qualification of Councillor.

Rural district councils derive their title from the Local Government Act, 1894, 56 & 57 Vict., c. 53, s. 21 (2)), having been previously known as rural sanitary authorities under the Public Health Act, 1875. Every rural district council is a body corporate, having perpetual succession, and a common seal, and may hold lands for the purposes of their powers and duties without licence in mortmain (s. 24 (7)). The rural districts comprise the areas of the several poor law unions, excepting the parts included in urban districts (38 & 39 Vict., c. 55, s. 9). To this rule there may be exceptions (56 & 57 Vict., c. 73, ss. 24 (5) & 36 (1)). The provisions of the Local Government Act, 1894, relating to the qualification, election, term of office, and the retirement of guardians, and the qualification of the chairman of the board of guardians, apply to rural district councillors (s. 24 (4)), and are as follows:—A person is not qualified to be elected or to be a councillor unless he is a parochial elector of some parish within the district, or has, during the whole of the twelve months preceding the election, resided in the district, and no person is disqualified by sex or marriage for being elected, or being a councillor (56 & 57 Vict., c. 73, s. 20 (2)).

Election—Parochial Electors.

The councillors are elected by the parochial electors (s. 20 (3)). The parochial electors are the persons registered in the portion of the local government or Parliamentary register relating to the parish (s. 2 (1)). Each elector may give one vote and no more for each of any number of persons not exceeding the number to be elected (20 (4)).

Mode of Election.

The mode of election is by ballot (s. 48 (3)), and is to be conducted in accordance with rules framed by the Local Government Board (s. 20 (5)). The general order of the Local Government Board now in force is dated 1st January, 1898.

Term of Office—Councillors, Number of.

The term of office of a councillor is three years, and one-third of the number, as nearly as may be, retire on the 15th April in each year. The county council may, upon application, provide for the retirement of the whole of the members together on the 15th of April in every third year (s. 20 (6)). The number of councillors may be fixed and altered by the county council from time to time (s. 60). The council is to consist of a chairman and councillors, the latter to be elected by the parishes or other areas for the election of guardians in the district (s. 24 (1)). The number of councillors for each parish is to be the same as the number of guardians for that parish or area (s. 24 (21)).

Rural District Councillors, also Guardians.

The rural district councillors are the representatives of the parish or other area on the board of guardians (s. 24 (3)).

*Meetings—Procedure at—Quorum of Members—Chairman—
Minutes of Proceedings—Committees—Delegation of
Powers—Joint Committees—Disqualification of
Councillors—Permitted Interests in Contracts.*

The provisions of s. 199 of the Public Health Act, 1875, and Part I of Schedule I of that Act, which relate to meetings and proceedings of urban authorities, apply to rural district councils (s. 59 (1)). These provisions are referred to in connection with urban authorities. The provisions of the Local Government Act, 1894, as to the appointment of committees, and the delegation of powers thereto (s. 56 (1)), the appointment of joint committees (s. 57 (1) & (2)), the disqualification of councillors and permitted interests in contracts (s. 46 (1) & (2)) referred to in connection with urban district councils apply to rural district councils.

Powers and Duties.

It is the duty of the rural district council to execute within the district the Public Health Acts and the Highway Acts (s. 25 (1)). As sanitary authorities they deal with such matters as sewerage and drainage, water supply, inspection, and prevention of nuisances, inspection and regulation of lodging-houses, the provision of hospitals, cemeteries and mortuaries, and exercise powers in respect of infectious diseases. They possess licensing or registering powers in connection with various matters, such as knackers' yards, dealers in game, pawnbrokers, infant homes (s. 27 (1)). They have duties in connection with maintaining rights of common and rights of way (s. 26 (1) (2) & (3)), power to purchase or hire land for allotments, to take proceedings for closing dwelling houses unfit for human habitation. As the highway authority, it is their duty to keep the ordinary highways in proper repair.

Rural district councils are also to have such powers, duties, and liabilities of urban sanitary authorities under the Public Health Acts or any other Act, and such provisions of any of those Acts relating to urban districts are to apply to rural districts, as the Local Government Board may, by general order direct (s. 25 (5) & (6)) (38 & 39 Vict., c. 55, s. 276).

Power to Acquire Lands.

The powers as to acquiring lands are similar to those of an urban district council (38 & 39 Vict., c. 55, ss. 175 & 176).

Contracts.

The contracts of a rural district council are regulated by the ordinary law relating to corporate bodies (38 & 39 Vict., c. 55, s. 173). The importance in almost all cases of placing contracts with corporations under seal has already been insisted on.

Expenses—Precept to Overseers.

The expenses incurred by a rural district council are divided into general and special expenses. General expenses are the expenses of the establishment and officers of the authority, highway expenses, and all other expenses not determined by order of the Local Government Board to be special expenses, and are to be payable out of a common fund to be raised out of the poor rate of the parishes in the district, according to the rateable value of each contributory place (56 & 57 Vict., c. 73, s. 29, and 38 & 39 Vict., c. 55, s. 229). Special expenses, which include the expenses of the construction of sewers, of providing a water supply, and

all other expenses declared by the Local Government Board to be special expenses, are a separate charge on each contributory place, which may be a parish, part of a parish, or a special drainage district (38 & 39 Vict., c. 55, s. 229). For the purpose of obtaining payment from the several contributory places, of the sums to be contributed by them, the rural district council are to issue their precept to the overseers of each contributory place, distinguishing between general and special expenses, requiring them to pay over the amount specified in the precept. Tithes, agricultural land, land covered with water, canals and railways are rated at one-fourth only of their rateable value for special expenses (s. 230).

Private Improvement Rate.

A rural district council may levy a private improvement rate in respect of private improvement expenses (s. 232).

Treasurer—Not to be Clerk—Not to Contract with Local Authority—Security—Officers to Account—Accounts—Audit.

A rural district council may award to the treasurer of any union in respect of the additional duties of such officer, under the Public Health Act, 1875, such remuneration as they may, with the approval of the Local Government Board determine (s. 190). The guardians of the poor of a union, until the coming into operation of the Local Government Act, 1894, were the rural sanitary authority for the district. By the provisions of that Act, the powers, duties and liabilities of the rural sanitary authority were transferred to the rural district council (56 & 57 Vict., c. 73, s. 25 (1)), and the treasurer of the superseded authority became an officer of the rural district council (s. 81 (1)). He continues to hold that office on the same tenure, and upon the same terms and conditions as heretofore, and, while performing the same duties, he is not to receive less salary or remuneration than heretofore (s. 81 (4)). The rural district council is now a distinct body from that of the guardians of the poor, although the representatives of the rural parishes in the union, on the rural district council, are also the representatives of these parishes on the board of guardians (s. 24 (3)). The mode of appointment by guardians of the poor of a treasurer, and his duties, are described in Lecture IV. The provisions applicable to officers of urban district councils already referred to, as prohibiting a treasurer from acting as clerk to the authority, and the clerk from acting as treasurer (38 & 39 Vict., c. 55, s. 192), from being interested in any contract with the authority (s. 193) (48 & 49 Vict., c. 53, s. 2), the giving of security (38 & 39 Vict., c. 55, s. 194) and the accountability of officers, and the consequences which may

ensue in case of default (ss. 195, 196), apply to the officers of rural district councils. The accounts of the receipts and payments of rural district councils, and their committees and officers are to be made up half-yearly to the 30th of September and the 31st of March, and in such form as the Local Government Board prescribe (38 & 39 Vict., c. 55, s. 245) and (56 & 57 Vict., c. 73, s. 58 (1)), and are to be audited by a district auditor (s. 58 (2)). The Local Government Board may, from time to time, by order, make such regulations as seem to them necessary or proper respecting the audit of such accounts (42 & 43 Vict., c. 6, s. 5). The enactments relating to the audit by district auditors of the accounts of urban district councils, already referred to, and to all matters incidental thereto, and consequential thereon, are to apply accordingly (56 & 57 Vict., c. 73, s. 58 (2) and 38 & 39 Vict., c. 55, ss. 247 & 250). The following modification should be noticed: Within fourteen days after the completion of the audit, the auditor is to send to the Local Government Board a report on the accounts audited and examined by him, and the council, on the completion of the audit, are to publish an abstract of their accounts, in some one or more of the local newspapers circulated in their district (Audit of Accounts (Rural District Councils) General Order, May 20th, 1895).

Borrowing Powers Generally.

A local authority may, with the sanction of the Local Government Board, for the purpose of defraying any costs, charges, and expenses incurred, or to be incurred by them, in the execution of the Sanitary Acts (38 & 39 Vict., c. 55, s. 4), or of the Public Health Act, 1875, or for the purpose of discharging any loans contracted under those Acts, borrow or re-borrow, and take up at interest, any sums of money necessary for defraying any such costs, charges, and expenses, or for discharging any such loans. A rural district council may borrow or re-borrow any such sums, if applied, or intended to be applied, to general expenses of such authority, on the credit of the common fund, out of which such expenses are payable; and if applied or intended to be applied to special expenses of such authority, on the credit of any rate or rates, out of which such expenses are payable; and for the purpose of securing the repayment of any sums so borrowed with interest thereon, they may mortgage to the persons by, or on behalf of whom such sums are advanced, any such fund, rate or rates (s. 233).

Property purchased out of money borrowed on the credit of a separate rate cannot be taken in execution for a debt properly payable out of general expenses. (*"Jersey (Earl of) v. Uxbridge Rural Sanitary Authority"* (1891), 3 Ch. 183.

*Exercise of Borrowing Powers—Power to Borrow on Credit of
Sewage Land, etc.—Mortgage, Form of—Register of—
Transfer of—Receiver, Appointment of—Rent Charges
—Public Works Loan Commissioners—Power to
Lend to Local Authorities.*

The provisions of the Public Health Act, 1875, as to the mode of exercising borrowing powers (s. 234), the power to borrow on the credit of sewage land and plant (s. 235), the form of mortgage (s. 236), the register and transfer of mortgages (ss. 237 & 238), the appointment of a receiver (s. 239), the granting and registering of rent charges (ss. 240 & 241), the power of the Public Works Loan Commissioners to lend to local authorities, already referred to in connection with urban district councils, apply to rural district councils.

Port Sanitary Authorities.

The Local Government Board may, by provisional order, constitute any local authority, whose district forms part of, or abuts upon a port, or any conservators, commissioners, or other persons having authority in a port, the port sanitary authority. The order may also combine any two or more riparian authorities into a joint board to act as a port sanitary authority. A "port" means a port as established by the Commissioners of the Treasury under the Customs Laws Consolidation Act, 1876 (39 & 40 Vict., c. 36, s. 11), for the purposes of the laws relating to the Customs (38 & 39 Vict., c. 55, s. 287). A port sanitary authority has jurisdiction over all waters within the limits of a port, and such portions of the district of a riparian authority as may be specified in the order (288). The order may assign to the authority any powers, rights, duties, capacities, liabilities, and obligations under the Public Health Act, and direct the mode in which the expenses of the authority are to be paid (s. 287). With the sanction of the Local Government Board, a port sanitary authority may delegate to a riparian authority the exercise of its powers (s. 289), the expenses are raised as other sanitary expenses subject to the provisions of the order, or, in the case of a joint board, the expenses are to be defrayed out of a common fund, to be contributed by the riparian authorities, in such proportion as the Local Government Board think just (s. 290).

Parish Meetings and Councils.

Parish meetings and parish councils came into existence on the passing of the Local Government Act, 1894 (56 & 57 Vict., c. 73). The Act provides that there is to be a parish meeting for every rural parish, that is, every parish in a rural, as distinguished

from an urban district, and that there is to be a parish council for every rural parish which has a population of three hundred or upwards. The county council are to order a parish council to be established for a parish with a population of less than three hundred, if it amounts to one hundred or upwards, if the parish meeting so resolve, and may, with the consent of the parish meeting, order a parish council to be established for a parish having a population of less than a hundred, and further, may, with the consent of the parish meetings concerned, group two or more neighbouring parishes under a common parish council (s. 1 (1) & (2)). The county council may from time to time constitute or dissolve parish councils, when the increase or decrease in population renders such a proceeding justifiable (s. 39).

Parish Meeting.

The parish meeting comprises the parochial electors of the parish. The parochial electors are those persons whose names appear upon the Parliamentary and local government register for the parish (s. 2 (1)). It is to meet at least once a year (s. 2 (3)) on some day between the 1st March and 1st April (60 Vict., c. 1, s. 2). The rules of proceedings are to be found in Sched. I, Pt. 1, of the Act (56 & 57 Vict., c. 73).

Acts, How signified.

Any act of a parish meeting may be signified by an instrument executed at the meeting, under the hands, or, if an instrument under seal is required, under the hands and seals of the chairman presiding at the meeting, and two other parochial electors present at the meeting (s. 19 (11)).

Incorporation.

The chairman of a parish meeting, and the overseers of the parish, are to be a body corporate by the name of the chairman and overseers of the parish, and to have perpetual succession, and may hold land for the purposes of the parish without licence in mortmain. They are to act in all respects in manner directed by the parish meeting, and any act of such body corporate is to be executed under the hands, or if an instrument under seal is required, under the hands and seals of the said chairman and overseers (s. 19 (6)).

Parish Councils—Qualification and Number of Councillors.

The parish council is to be elected from among the parochial electors of the parish, or from persons who have during the whole of the twelve months preceding the election, resided in the parish,

or within three miles thereof. It is to consist of a chairman and councillors, the number to be such, not less than five, nor more than fifteen, as may be fixed by the county council (s. 3 (1)). A married woman may be elected (s. 3 (2)).

Term of Office—Election, Mode of.

The term of office is three years from the 15th April (62 & 63 Vict., c. 10, s. 1). The parish councillors are to be elected at a parish meeting or at a poll consequent thereon, in the latter case by ballot, and in accordance with rules framed by the Local Government Board. The rules now in force are dated January 14th, 1901.

Annual Meeting—Chairman.

The parish council are to hold an annual meeting on or within seven days of the 15th April (s. 1 (5)), and then to elect from their own body a chairman (56 & 57 Vict., c. 73, s. 8).

Incorporation—Power to hold Lands—Acts, How Signified.

Every parish council is a body corporate, by the name of the parish council, with the addition of the name of the parish, they are to have perpetual succession, and may hold lands for the purposes of their powers and duties without license in mortmain, and any act of the council may be signified by an instrument executed at a meeting of the council, and under the hands, or, if an instrument under seal is required, under the hands and seals of the chairman presiding at the meeting, and two other members of the council (s. 3 (9)).

Proceedings at Meetings—Quorum.

The business of a parish council is to be transacted in accordance with the rules contained in Part II of Sched. I of the above mentioned Act (s. 3 (10)). These rules provide (*inter alia*)—No business is to be transacted unless one-third of the full number of members be present, and not less than three (r. 7). Every question is to be decided by a majority of votes of the members present and voting on the question (r. 8). In case of an equal division, the chairman has a casting vote (r. 10).

Cheques and Orders for Payment—Minutes—Committees.

Every cheque or other order for the payment of money is to be signed by two members of the council (r. 14). Such a payment requires the authority of the council. Minutes of the pro-

ceedings of every parish council and parish meeting are to be kept in a book provided for the purpose, Sched. I, Part III (1). A parish council may appoint committees and take part in the appointment of joint committees (ss. 56 (1) & 57 (1)).

Disqualification.

The provisions of s. 46 of the Local Government Act, 1894, as to the disqualification, and as to permitted interests in contracts apply to parish councillors as to urban and rural district councillors (s. 46). These provisions have already been referred to in connection with urban district councils. The disqualification of parish councillors may, in certain cases, be removed by the county council, if they are of opinion that the removal would be beneficial to the parish (s. 46 (3)).

Treasurer.

A parish council may appoint one of their own number, or some other person, to act as treasurer without remuneration, and he is to give such security as may be required by regulation of the county council (s. 17 (6)).

Parish Council—Powers and Duties.

The powers and duties of parish councils include many duties relating to civil matters, which were formerly discharged by the inhabitants assembled in vestry, or the churchwardens and overseers (s. 6 (1) & (2)). They include the appointment of overseers (s. 5 (1)), the provision of a parochial office, the holding and management of civil parish property, including village greens, allotments and recreation grounds (s. 6 (1) (2) & (3)). The provision of buildings for public offices, and land for a recreation ground and public walks (s. 8, 1 (a) & (b)), the hiring of land for allotments (10 (1)), the acquiring of lands compulsorily (9), the occupying and holding of gifts of property for the parish (8 (1) (a)), the acquiring of rights of way (8 (1) (g)), the repair of public footpaths (s. 13 (2)), the carrying out of provisions of the Public Health Act by delegation from the rural district council (15), the adoption and execution of the Acts relating to lighting and watching, burials, baths and washhouses, public improvements and public libraries (7 (1)). There are many other powers and duties.

Parish Meetings—Powers and Duties.

In small parishes, the parish meeting will exercise many of the duties above referred to, as devolving upon parish councils (19). The

county council may confer on a parish meeting any of the powers conferred on a parish council by the Act.

Accounts and Audit—Inspection of.

The accounts of the receipts and payments of parish councils, and of parish meetings, for parishes not having parish councils, and their committees and officers, are to be made up yearly to the 31st day of March, and in such form as the Local Government Board prescribe (s. 58 (1)). The accounts are to be audited by a district auditor, and the enactments relating to audit by district auditors of the accounts of urban sanitary authorities and their officers, and to all matters incidental thereto, and consequential thereon, are to apply accordingly (s. 58 (2)). These provisions have been referred to in detail in connection with urban district councils. The order of the Local Government Board relating to the matter is dated May 20th, 1895 (s. 58 (3)). Every parochial elector of a rural parish may, at all reasonable times without payment, inspect, and take copies of, and extracts from, all books, accounts, and documents belonging to, or under the control of the parish council or parish meeting.

Expenses—Limitations.

A parish council are not, without the consent of a parish meeting to incur expenses or liabilities, which will involve a rate exceeding threepence in the pound for any local financial year, or which will involve a loan (s. 11 (1)). They are not, without the approval of the county council, to incur any expenses or liability, which may involve a loan (s. 11 (2)). The sum raised in any local financial year by a parish council for their expenses other than under the above-mentioned Adoptive Acts, are not to exceed a sum equal to a rate of 6d. in the pound on the rateable value of the parish, at the commencement of the year, including any charge for principal or interest in respect of any loan (s. 11 (3)). The local financial year ends on the 31st of March (s. 58). The expenses of a parish council, and of a parish meeting, are to be paid out of the poor rate. A parish council, and where there is no parish council, the chairman of the parish meeting, for the purpose of obtaining payment of such expenses, have the same powers as a board of guardians possess for the purpose of obtaining contributions to their common fund (s. 11 (4)). A precept is issued to the overseers of the poor of the parish, who levy poor rates in order to raise the sums required.

Borrowing Powers—Security—Limitations—Purposes.

A parish council may, with the consent of the county council and the Local Government Board, borrow money in like manner, and subject to the like conditions as a local authority may borrow, for defraying expenses incurred in the execution of the Public Health Acts, and sections 233 and 234 and 236 to 239 of the Public Health Act, 1875, apply accordingly, except that the money is to be borrowed on the security of the poor rate, and of the whole or part of the revenues of the parish council, and except that as respects the limit of the sum to be borrowed, one-half of the assessable value is to be substituted for the assessable value for two years (s. 12 (1)). The provisions are referred to in detail in connection with urban district councils. The purposes for which a parish council may borrow are, for purchasing any land or building any buildings which they are authorised to purchase or build, for any purpose for which they are authorised to borrow under the above-mentioned Adoptive Acts, and for any permanent work or other thing which the council are authorised to execute or do, and the cost of which ought, in the opinion of the county council and the Local Government Board, to be spread over a term of years (s. 12 (1)). A county council may lend to a parish council any money which the latter are authorised to borrow (s. 12 (2)), and raise money by loan for that purpose subject to further conditions which may be imposed by the Local Government Board. The general order of that authority on the subject is dated 5th of November, 1895. The charge for the purpose of any of the Adoptive Acts is ultimately to be on the rate applicable to the purposes of that Act.

Overseers.

Overseers of the poor are parochial officers whose duty it is to levy poor rates, to provide funds for other authorities to disburse. Large sums of money pass through their hands. There is no provision enabling them to appoint a treasurer, and therefore when they open an account with a bank, in their joint names, they do so as ordinary customers.

Overseers of the poor may legally act by a majority of their number. "*Reg v. Warwickshire*," (6 Ad. & El. 873).

FORM (E)

TREASURER'S ACCOUNTS.

.....LOCAL GOVERNMENT DISTRICT.

Account of Receipts and Payments on behalf of the Local Board (now Urban District Council) for the year ended.....day of.....18...

RECEIPTS.						PAYMENTS.					
Date.	From whom.	On what Account.	Amount.			Date of Pay-ment.	Date of Order	Name of Payee.	Amount.		
			£	s.	d.				£	s.	d.
		Total						Balance			
								Total			

Signed this..... day of.....

.....**Treasurer.**

NOTE.—This account is to be balanced at the end of every quarter, or at such other times as may be directed by the Local Board (Urban District Council) and signed by the Treasurer.

THE PAYMENT OF CLUB AND OTHER SUBSCRIPTIONS DUE 1st JANUARY.

By P. F. HEPBURN, of the Manchester and Liverpool District Banking
Co., Ltd., 75, Cornhill, E.C.

THE methods of paying these subscriptions, although greatly improved in recent years, still leave much to be desired. The old cumbersome method of sending a draft for each subscription is now adhered to by only a minority of the banks, but the different systems still entail the frequent repetition of an enormous mass of detail, much of which must be done after the drafts for the subscriptions have been sent to the receiving banks. If all the banks concerned would agree to adopt a uniform system, all this needless work would be obviated; the necessary details could be prepared before the drafts were sent out, leaving only bank names, club names, and totals to be dealt with subsequently.

It may be urged that the matter is a very trivial one, or at least that it may safely be left to the individual discretion of the heads of the departments concerned. The immense number of vouchers and entries required by the present system, or rather want of system, is a sufficient answer to the first reason for a *laissez faire* policy; as to the second, it is certain that no great saving can be effected until all banks agree to adopt a uniform method.

The ideal system is that which produces the required result with the greatest accuracy, in the shortest time, at a minimum cost; therefore any scheme should be classed as unsatisfactory if it necessitate the repetition of details which could by any possibility be dispensed with. It should always be remembered that unnecessary repetition means not only needless labour, but (which is of far more consequence) increased chance of error.

The following is submitted as the rough draft of a system which, if universally adopted, would greatly facilitate the work (1) at the bank where the subscriber's account is kept (2) at its Head Office, or at the office of the London correspondent, (3) at the receiving bank, and (4) at the office where the subscription is finally recorded.

Standing Orders held by Country Banks and by Branches of London Banks.

1. The voucher from which the customer's account is debited should be a "Standing Order Debit," to be used annually until the order is cancelled. A specimen is given underneath. The material should be a thin card, or the best hand-made paper.

Chatham BRANCH.

No. *117* Payable 1st January. *Ca 7*
(Branch Consecutive Number.) (Distinguishing No. of Club, &c.)

VALID ONLY ON FIRST BUSINESS DAY IN EACH YEAR.

DEBIT

Stephen Bernard Kent

£ *10 : 10 : 0* for Subscription to

Carlton Club

paid to *London & Westminster Bank, St. James's Square*

Checked by *G.B.* *J. H. Doer Accountant.*

THE LONDON AND SOUTH EASTERN BANK, LIMITED.

Cancelling
Checked by

190

Date cancelled.

9 May 1900

Date of Order.

STANDING ORDER DEBIT.

2. This form should be filled up immediately the customer's instructions are received, and should then be filed in consecutive order. Christian names should be given in full in every case. The distinguishing number (for facilitating the sorting in London) should be taken from a list of clubs, societies, etc., which should be supplied to every branch by its Head Office. The list should specify the name of the club or society as it stands in the books of its bankers, the distinguishing number, the annual subscription, and the bankers. The club names should be arranged in alphabetical order, with blank spaces between the vowel subdivisions, each of which last should be numbered consecutively from 1 onwards. Additions and alterations should be announced in the Journal.

3. At the end of the year the vouchers should be called over against the Record of Standing Orders, and should be used as debits on 1st January, the total being passed on that day to credit of the Head Office or of the London correspondent.

4. On the following day they should be sorted in order of clubs and forwarded to London with a list specifying only the amount of each voucher and the total. (As country pass-books are written up from the ledgers, the debits are not required after the Day Book is balanced. The debits could be forwarded to London early in December, and returned to the country at the end of the year, but the objections to this course far outweigh the apparent advantage of getting the bulk of the work done before the busy season commences.)

5. On arrival in London the debits from all the branches and correspondents should be sorted in order of clubs, and listed on forms supplied by the receiving banks; a separate form should be used for each club or society. The vouchers for each club should be sorted in alphabetical order of subscribers' names; this would give very little extra trouble, and would be of great assistance in the marking up of the Club Register.

6. One draft only for the grand total payable to each receiving bank should be sent out by each paying bank. The work should, of course, be checked and balanced before the drafts are sent out to ensure the due payment of each subscription.

7. The debits should be retained in London in the order in which they are listed until the Club Registers are marked up and all queries settled.

8. Totals only from each bank for each club should pass through the books of the receiving banks.

9. The lists delivered by the paying banks should be used by the receiving banks as credit slips, and should be handed to the club secretary along with the pass-book (which would, of course, con-

tain the respective totals only). The Club Register would then be marked up from lists written up from the actual vouchers posted to debit of the banking accounts of the members, thus minimizing the risk of errors in names, and consequently obviating most, if not all of that trouble and annoyance which these errors entail. If the forms supplied by the receiving banks were uniform in size for each club, and were provided with a binding margin, the lists could be bound and retained by the club as a supplement to the pass-book.

Standing Orders held by London Banks.

The Standing Order Debits should also be adopted by London banks for their own customers. The lists for these subscriptions should be prepared and checked about the end of December. The Journal entries could also be made before the end of the year in supplementary books, with sub-totals for each section of current accounts, and on the morning of 1st January, when the last cancelled subscription had been struck out, these section totals could be extended and carried to the ordinary books after the grand total had been balanced with the total of the drafts (or with the total of the lists in those cases where one draft was made to serve for town and country advices). The entry in the Supplementary Journal should include the distinguishing number to facilitate the writing up of a duplicate credit slip in the very unlikely event of a list being lost or mislaid by the receiving bank or its customer.

It should be understood that subscriptions paid by banks would not come forward till, say, the 9th of January, when the great and unavoidable pressure during the first week of the year would be over. As advices to cancel standing orders are frequently received a day or two too late, this postponement would obviate the trouble of recovering these subscriptions.

The foregoing sketch does not pretend to be more than a rough outline. There are doubtless systems in use at present similar or, it may be, superior in some respects to the above, but they would all appear to be inferior in one very important particular—the relief of the pressure at the receiving banks—which hitherto has apparently been entirely overlooked.

As this is pre-eminently a case where mutual aid could be given, and great economy effected, by the general adoption of a uniform scientific system, the writer would suggest that the whole question be referred by the Council for discussion in detail to a small committee, nominated from the staffs of the leading City and West-End banks. If this suggestion be adopted, the writer's object in offering this short paper to the *Journal* will have been fully achieved.

MISCELLANEA.

THE PRICE OF COMMODITIES IN 1904.—In continuation of the figures which appeared last year in the April number, the following estimates are appended. The following are the Index Numbers at the end of each quarter of the year 1904, as given by the *Economist* :—

March	...	...	...	...	...	2,234
June	...	...	...	...	...	2,130
September	...	...	...	...	...	2,148
December	...	...	...	...	...	2,136

This gives a yearly average, says the *Economist*, higher than that for any of the past five years.

The following is Mr. Sauerbeck's annual circular letter :—

3, Moorgate Street, Buildings, E.C.,
13th January, 1905.

SIR,

The following are the average index numbers of the prices of 45 commodities, the average of the 11 years 1867-77 being 100 :—

Average.				Average.			
1878-1887	...	...	79	1896	...	...	61
1884-1893	...	...	71	1897	...	...	62
1888-1897	...	...	67	1898	...	...	64
1894-1903	...	...	66	1899	...	...	68
			—	1900	...	...	75
1884	...	...	76	1901	...	...	70
1889	...	...	72	1902	...	...	69
1894	...	...	63	1903	...	...	69
1895	...	...	62	1904	...	...	70

The index number is one point higher than in the preceding year, viz., 70, against 69 (a more exact calculation with a decimal added would have made it 70.4 against 69.5 in 1903 and 1902). It is about 30 per cent. below the standard period, which was equivalent to the average of the 25 years 1853-77, but it is fully 6 per cent. above the average of the decade 1894-1903.

The monthly fluctuations were thus :—

1889 Dec. ... 73.7	1904 Jan. ... 70.4	1904 July ... 69.9
1895 Feb. ... 60.0	Feb. ... 70.8	Aug. ... 70.4
1896 July ... 59.2	March ... 70.8	Sept. ... 70.7
1900 July ... 76.2	April ... 70.5	Oct. ... 71.0
1902 Dec. ... 60.1	May ... 69.9	Nov. ... 71.2
1903 Dec. ... 70.0	June ... 69.4	Dec. ... 70.9

The movements in the aggregate as illustrated by the index number have not varied to any great extent during last year. A slight improve-

ment at the beginning was followed by weakness in the summer and greater firmness towards the end. The decline in December was merely due to cotton, other commodities showing very little change or ruling even higher.

Taking articles of food and materials separately, the index numbers compare thus (1867-77=100) :—

	1878-87.	1884-1893.	1894-1903.	1895.	1896.	1900.	1903.	1904.
	Average.	Average.	Average.	Feb.	July.	Feb.	Dec.	Nov. Dec.
Food ...	84	74	66	63·8	60·0	65·8	65·3	68·5 69·1
Materials.	76	69	66	57·0	58·6	81·9	73·4	73·1 72·3

Articles of food are nearly 6 per cent., materials $1\frac{1}{2}$ per cent., lower than in December, 1903.

The position of the six separate groups of commodities at the end of the last two years and in comparison with former periods is illustrated by the following index numbers (1867-77=100) :—

	1884-93.	1894-1903.	1903.	1904.	Last year.
	Average.	Average.	Dec.	Dec.	Per Cent.
Vegetable food (corn, etc.) ...	66	60	61·6	63·1	rise 3
Animal food (meat and butter)	85	81	80·7	82·6	rise $2\frac{1}{2}$
Sugar, coffee, and tea ...	68	53	45·7	57·5	rise 26
Minerals ...	72	78	82·0	85·6	rise $4\frac{1}{2}$
Textiles ...	64	57	70·5	66·6	fall $5\frac{1}{2}$
Sundry materials ...	70	66	70·1	67·9	fall 3

Corn, especially wheat, ruled higher owing to unfavourable crops, while potatoes, rather dear in the early part of the year, were on a low level for the new season's produce. Beef and mutton improved up to the middle of the year, but lost part of the advance later on; they are, however, still higher than a year ago; pork and bacon, on the other hand, are cheaper. In the third group there was a very important rise, principally due to sugar. German beet was worth 8s. 5d. per cwt. f.o.b. at the end of 1903 and less than 8s. in January and February; it gradually rose to 11s. in September, but in consequence of the reduced beet sugar crop in Europe, now estimated to yield a reduction of more than a million tons, great speculation ensued, carrying the price to 14s. 5d. at the end of the year. Java sugar rose from 9s. 6d. per cwt. at the end of 1903 to 15s. 6d., and French loaves from 12s. 9d. per cwt. f.o.b. to 18s. 3d. Santos coffee declined from 35s. 3d. per cwt. in 1903 to 31s. 6d. in May, gradually improved afterwards, and closed at 39s. 6d. Tea remained on a low price basis, and the lower and medium sorts show a distinct decline.

The average prices of metals were nearly the same as in the previous year, but coal was somewhat cheaper. Cleveland iron was quoted 42s. 7d. per ton a year ago, and fluctuated between 42s. and 44s. until October; it improved in November and December and was worth 50s. 9d. at the end. Copper, quoted £56½ per ton at the end of 1903, had only moderate fluctuations during the first eight months, but rose afterwards and stood at £68½ at the end. Tin declined from £132½ per ton to about £117½ in June, was firmer afterwards, and rose since September, being finally quoted £134½. Lead was worth £12½ per ton, against £11½ at the end of 1903. Best house coal in London fell from 17s. a ton to 14s. in mid-summer, but returned again to the opening quotation of 17s. Newcastle steam coal closed at 9s., against 9s. 6d. in 1903. The average export

price of coal was 11s. 1½d. per ton, against 11s. 8d. in 1903 and 16s. 9d. in 1900.

Among textiles we had almost disastrous movements for cotton. American middling stood at 6.96d. per lb. at the end of the previous year and the great speculation carried the price to 9d. in February. By the end of September it had fallen to 5.80d. A further decline occurred when estimates of an unprecedented American crop were published, of 12 million bales in November and of 13 million bales or more in December, until the lowest price was touched on December 30th, viz., 3.63d. The quotation on December 31st was 3.77d. Flax ruled higher during the greater part of the year, but gave way at the end. Hemp and jute advanced. Fine wool had only a small improvement, but coarse wool, including the home produce, rose from 35 to 50 per cent. Silk declined, but improved again to some extent at the end.

In the group of sundry materials hides were higher, while tallow was lower on the average, and linseed oil and petroleum experienced a reduction.

Silver.—The prices and index numbers were as follows (60.84d. per oz. being the parity of 1 gold to 15½ silver=100) :—

	Price.	Index No.		Price.	Index No.
Average, 1894-1903...	27½d.	= 45.2	End Dec., 1900...	29½d.	= 48.6
" 1896 ...	30½d.	= 50.5	Lowest Nov., 1902 ...	21½d.	= 35.6
" 1901 ...	27½d.	= 44.7	End Dec., 1903...	26½d.	= 42.9
" 1902 ...	24½d.	= 39.6	" May, 1904...	25½d.	= 41.7
" 1903 ...	24½d.	= 40.7	" Nov., 1904 ...	27½d.	= 44.8
" 1904 ...	26½d.	= 43.4	" Dec., 1904...	28½d.	= 46.6

The good demand for India continued during 1904, and towards the end the price was also influenced by the purchase of Mexican dollars to be returned to Mexico before the introduction of the currency reform. The top quotation in December was 28½ per oz.

Gold.—The production was estimated at £63,000,000 in 1899, at £52,000,000 in 1900, £54,000,000 in 1901, £61,000,000 in 1902, £67,000,000 in 1903, and the total in 1904 has probably exceeded £70,000,000.

The rate of discount was lower in London and Paris, but a little higher in Berlin, than in the previous year. The average private rate for best bills in the three markets was about 2½ per cent., against 3 per cent. in 1903, 2½ per cent. in 1902, 2½ per cent. in 1901, and 3½ per cent. in 1900.

A review of the past year will still have to record more unsatisfactory points in the general state of trade than the reverse, though some change for the better has been witnessed towards the close. Particularly in this country the complaints about slackness of trade and reduced spending power of the masses have been pretty general, and the statistics of the percentage of unemployed have been the worst since the beginning of 1895. The iron trade was not good and the shipbuilding industry was not described as satisfactory, although practically the same tonnage was turned out. The cotton industry suffered again from the gigantic speculations in America, and for the greater part of the year spinners and manufacturers had to contend with the greatest difficulties. The fall of cotton prices in the last quarter and the abundance of cheap raw material relieved the situation, and the industry is now fully and profitably employed. The woollen industry was also handicapped by the scarcity of the raw material and rising prices at a time when extra orders for the Far East had to be executed. The wheat and barley harvests were smaller and agriculturists were compensated only to a small extent by better prices for corn and the still high level of meat values. A great contrast to the home trade generally has been the external trade of the country, which has

even topped the record year 1903 by over £19,000,000, partly due to higher prices, perhaps to the extent of one half of the increase. The total exceeded £922,000,000 (excluding bullion).

In Germany the gradual but slow improvement recorded for 1903 has made steady progress, and the position is much better, though still greatly distant from what it was during the prosperous years before 1901. In the United States there was an important recovery in trade during the last four months.

The wheat harvest of the world was smaller owing to reductions in the United States and some European countries; the iron production both in the United States and in Great Britain has probably fallen off, but may have been unchanged in Germany; sugar of the new season shows a considerable decrease, but cotton, after a decrease in the last season's supplies, has produced now an enormous crop. The production of wool was much smaller last year, but some increase is now expected.

The depression of gilt-edged securities continued throughout the greater part of the year, and the average price of Consols was 88½ per cent., against 90½ in 1903; the lowest price was about 85½ at the beginning of March and the closing price 88½, against 88 a year ago. The figures given by the *Bankers' Magazine* of a large number of securities combined show that the lowest point was in February and that since then the rise amounted to nearly 5 per cent., but the average totals for the whole year are still about 2 per cent. lower than in 1903. American rails had a great rise and considerable fluctuations in the course of the year, and there was also an improvement in British and South American railway shares.

The war between Russia and Japan and the fear at certain periods of other complications had naturally their influence, particularly on the Bourses, but while trade in Russia is in a very depressed state, the industries of other countries had the advantage of being employed by the belligerents for their manifold requirements. This will continue so long as the war lasts, and the return of peace will still further stimulate their wants, as the destruction of materials, armaments, and ships will cause large orders to be given for immediate renewals. Independent of the war itself, the darkest point is still the vast expenditure by most Governments and municipalities and the new loans to be issued. This may perhaps make the money rates less easy than might otherwise be expected from gradual savings and the increase of the gold production.

In India and Argentina prosperity continues, and Australia is rapidly recovering from the ravages of the drought; to these three countries and to China and Japan a great part of the increase of our exports has been directed and a further extension of business is almost certain. The United States and Germany appear to have got over their troubles, and altogether there seem to be indications that the prospects of trade are more hopeful than they have been for some years past.

Yours faithfully,

A. SAUERBECK.

QUESTIONS ON POINTS OF PRACTICAL INTEREST.

THE Council desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which, after careful deliberation, the Council have approved :—

Deposit of Title Deeds—Memorandum of Deposit.

QUESTION 2016.—When deeds are deposited with a bank by Jones to secure Brown's account :—

(1) Should the Memorandum of Deposit recite that a monetary consideration (say, 5s.) has been given to Jones by the bank, in order that the bank may have an indisputable charge?

(2) Should the Memorandum of Deposit be under hand or under seal?

ANSWER : (1) It is not necessary. (2) The Memorandum of Deposit should be under hand.

Foreign Bill—Tender in Francs.

QUESTION 2017.—A bill is drawn abroad for, say, fcs.500, accepted payable in London. Is the tender of francs for this legal in London, or can sterling at current exchange be demanded?

There is no mention of "exchange as per endorsement" on the document.

ANSWER : See Bills of Exchange Act, 1882, sec. 72, sub-sec. 4.

Joint and Several Promissory Note—Liability of Makers.

QUESTION 2018.—A and B are members of a firm for which the X Bank discounts a joint and several promissory note, signed by A and B. At maturity the firm's balance is insufficient to cover the note, but A and B both have private accounts, the balances on which would partly meet the note. The X Bank give notice to A and B that they have impounded these balances, pending the settlement. Can they legally do this? In the event of cheques drawn on the private accounts being presented after notice has been given, would X Bank be justified in returning them?

ANSWER : Yes.

Joint Account—Death of either Party.

QUESTION 2019.—A joint account is kept in the names of A and B, cheques to be signed by either of them. A dies and a cheque signed by him is subsequently presented, notice of his death having been received by the banker. Would it be correct to charge this cheque to the joint account? Or should it be returned with answer "Drawer deceased"?

ANSWER : The cheque should be returned.

Post-dated Cheque—Presentation.

QUESTION 2020.—A customer sends through the post to his bankers, for the credit of his account, a cheque which is post-dated. Are the bankers justified in returning it to their customer without presentation?

ANSWER : The usual course would be for the banker to present immediately, and inform his customer in case of non-payment.

BILLS OF EXCHANGE ACT, 1882, AMENDMENT BILL.

It will be within the recollection of most of our members that a Bill intended to amend the law as declared by the decision in the case of "*Capital and Counties Bank v. Gordon*," was twice introduced into Parliament as a Government measure, but that, owing to the congested state of business there, the Bill was each time dropped. It is to be hoped that another session will not be allowed to pass without this most necessary amendment of the law being passed, and in the meantime it may be noted that the Legislature of the Colony of Victoria has set an example, and has already passed an Act, to be called the Instruments Act, 1904, the third section of which, quoted below, reproduces in effect the terms of our own Bills of Exchange Act Amendment Bill.

"A banker shall not be deemed to be disentitled to the benefit of the provisions of Section*83 of the Principal Act by reason only of the fact that before receiving payment for a customer of a cheque, crossed either generally or specially to such banker, he has credited the account of the customer with the amount of such cheque."

BANKERS' WEEKLY CIRCULATION RETURNS.

*Pursuant to the Act 7 & 8 Victoria, c. 32.**(Extracted from the London Gazette).*

PRIVATE BANKS.

NAME OF BANK.	Author- ised Issue.	AVERAGE AMOUNT.							
		1904. Oct. 1.	1904. Oct. 8.	1904. Oct. 15.	1904. Oct. 22.	1904. Oct. 29.	1904. Nov. 5.	1904. Nov. 12.	1904. Nov. 19.
Banbury Bank	£ 43,457	£ 3,797	£ 4,096	£ 4,076	£ 4,115	£ 4,089	£ 4,133	£ 4,223	£ 4,095
Bedford Bank.....	34,318	10,177	10,646	10,235	10,019	9,702	10,084	10,191	10,080
Bicester and Oxford- shire Bank	27,080	9,146	9,430	9,585	9,335	9,247	9,625	9,691	9,819
Bewick Bank.....	27,689	8,364	8,629	8,325	8,004	7,890	8,216	7,770	7,464
Bington and Radnor- shire Bank	26,060	14,391	13,324	12,641	12,970	13,357	13,781	13,773	12,941
Bleas Old Bank	130,757	30,476	31,672	31,791	31,113	30,360	30,577	29,576	29,222
Blandford Bank and Landilo Bank	32,945	7,854	8,345	8,437	8,087	8,623	8,812	7,993	7,537
Bristol Bank, Plymouth	27,321	2,295	2,253	2,248	2,243	2,174	2,364	2,147	2,165
Burton Market Bank	25,098	3,264	3,241	3,225	3,197	3,403	3,698	3,466	3,406
Cheshire Witney Bank	11,862	3,179	3,292	3,478	3,260	3,244	3,196	3,160	3,176
Reading Bank—Sim- onds and Co.	27,519	8,312	8,330	8,290	7,964	7,971	8,099	7,863	7,647
Donard and Newark Bank	51,615	6,938	7,754	7,615	7,195	7,523	7,245	6,990	6,768
Wallingford Bank	17,064	700	797	746	750	766	864	880	837
Wellington Somerset Bank	6,523	3,639	3,343	3,408	3,508	3,427	3,425	3,062	3,029
West Riding Bank	46,158	12,841	12,871	12,597	12,412	12,470	13,032	14,335	17,699
Worcester Old Bank ..	27,448	10,765	11,319	11,648	11,228	10,830	11,187	10,817	10,610
York and East Riding Bank	53,292	31,206	33,089	35,606	34,401	34,240	33,916	33,796	35,001
TOTALS	684,301	167,234	172,531	173,943	169,701	169,306	172,204	169,732	171,425

BANKERS' WEEKLY CIRCULATION RETURNS:

*Pursuant to the Act 7 & 8 Victoria, c. 32.**(Extracted from the London Gazette).*

PRIVATE BANKS.

NAME OF BANK.	Author- ised Issue.	AVERAGE AMOUNT.							
		1904. Nov. 26.	1904. Dec. 3.	1904. Dec. 10.	1904. Dec. 17.	1904. Dec. 24.	1904. Dec. 31.	1905. Jan. 7.	1905. Jan. 14.
Banbury Bank	£ 43,457	£ 3,857	£ 3,910	£ 3,797	£ 3,948	£ 4,005	£ 4,277	£ 4,283	£ 4,000
Bedford Bank	34,218	9,901	9,816	9,747	9,625	9,909	9,951	10,220	10,281
Bicester and Oxford- shire Bank	27,090	9,973	9,494	9,251	9,274	9,409	9,188	9,345	9,442
Ipswich Bank	27,089	7,725	7,927	7,755	7,414	7,183	6,684	---	---
Kington and Radnor- shire Bank	26,050	12,371	12,072	11,926	11,081	10,607	9,681	9,457	9,072
Leeds Old Bank	120,757	30,795	30,442	29,877	29,589	28,983	29,198	29,820	29,329
Llandovery Bank and Llandilo Bank	32,945	7,962	8,927	9,215	8,692	7,877	7,250	6,128	6,532
Naval Bank, Plymouth	27,321	1,898	2,084	2,029	2,290	2,424	2,163	1,907	2,027
Newmarket Bank	23,098	3,253	3,219	3,168	3,235	3,415	3,440	3,223	3,284
Oxfordshire Witney Bank	11,852	2,934	2,965	2,578	2,595	2,895	2,945	3,047	2,573
Reading Bank—Sim- onds and Co.	37,519	8,115	8,028	7,950	7,799	7,906	7,935	8,342	8,110
Sleaford and Newark Bank	51,615	6,916	6,849	7,057	6,822	6,558	6,329	6,490	6,716
Wallingford Bank	17,064	810	815	845	840	800	795	755	768
Wellington Somerset Bank	6,528	2,861	3,040	2,907	3,008	2,897	2,836	2,848	2,818
West Riding Bank	46,158	21,789	21,662	19,224	17,118	17,141	14,992	15,221	14,903
Worcester Old Bank ...	87,448	10,225	10,315	10,670	10,395	12,100	12,485	13,221	12,546
York & East Riding Bank	53,392	43,739	39,995	35,575	33,141	32,626	31,980	33,072	33,365
TOTALS	684,201	185,024	181,460	173,671	166,866	166,685	163,129	157,379	158,118

JOINT STOCK BANKS.

NAME OF BANK.	Authorised Issue.	AVERAGE AMOUNT.							
		1904. Oct. 1.	1904. Oct. 8.	1904. Oct. 15.	1904. Oct. 22.	1904. Oct. 29.	1904. Nov. 5.	1904. Nov. 12.	1904. Nov. 19.
	£	£	£	£	£	£	£	£	£
Bank of Whitehaven, Limited	32,081	10,805	10,920	10,580	10,390	10,106	9,980	10,447	10,437
Bedford Banking Company, Limited	49,392	13,718	14,191	13,325	12,827	12,601	12,863	12,778	13,322
Brisle & Cumberland Banking Co., Limited	25,610	23,359	23,403	24,901	25,203	26,242	24,740	26,193	23,303
Bulwar & Huddersfield Union Bkg. Co., Ltd.	44,137	4,285	4,648	4,327	3,647	3,685	4,005	4,067	3,918
Bulwar Commercial Banking Co., Limited	13,783	5,974	6,805	5,955	5,261	4,568	5,450	5,251	5,099
Bulwar Joint Stock Banking Co., Limited	18,534	9,525	10,177	9,390	9,127	9,080	9,237	8,979	8,905
Leicester Bkg. Co., Ltd.	64,811	37,799	39,446	42,176	44,417	44,633	46,901	52,116	49,738
Heath and Lindsey Banking Co., Limited	51,090	30,432	32,065	32,425	33,683	33,015	32,638	32,405	32,170
North and South Wales Bank, Limited	63,951	44,382	45,253	44,284	42,488	43,971	44,510	45,973	44,435
Pottingham & Notta Banking Co., Limited	29,477	16,291	17,043	16,744	16,410	16,255	17,123	16,595	16,095
Sheffield & Hallamshire Bank, Limited	23,524	3,580	3,725	3,520	3,355	3,138	3,125	3,253	3,133
Sheffield & Rotherham Joint Stock Banking Co., Ltd.	52,496	7,051	7,202	6,928	6,463	6,383	6,643	6,618	6,431
Sheffield Bkg. Co., Ltd.	35,243	7,770	8,570	7,515	7,430	8,134	8,186	7,323	7,134
Sheffield, Spalding & Weston Bkg. Co., Ltd.	55,721	27,925	30,422	31,632	30,214	29,709	30,762	30,340	28,695
Sheffield's Bkg. Co., Ltd.	356,976	84,515	87,900	85,473	83,615	83,576	84,484	84,801	83,323
Sheffield & Barnsley Union Bank, Limited	14,604	3,876	4,071	3,518	3,359	3,802	3,710	3,647	3,684
Whitehaven Joint Stk. Banking Co., Limited	31,916	23,240	24,182	23,764	22,868	23,443	25,571	25,715	24,976
Wigan and Dorset Bkg. Co., Limited	76,162	50,247	51,439	50,586	49,373	48,740	49,526	48,211	47,810
West City and County Banking Co., Limited	94,695	70,076	73,459	75,940	73,990	73,932	75,350	75,891	78,150
TOTALS	1,135,233	474,850	494,511	432,063	434,119	435,023	491,909	500,602	495,988

JOINT STOCK BANKS.

NAME OF BANK.	Author- ised Issue.	AVERAGE AMOUNT.							
		1904. Nov. 26.	1904. Dec. 3.	1904. Dec. 10.	1904. Dec. 17.	1904. Dec. 24.	1904. Dec. 31.	1905. Jan. 7.	1905. Jan. 14.
	£	£	£	£	£	£	£	£	£
Bank of Whitehaven, Limited	32,681	10,080	9,425	9,296	8,946	8,782	8,982	9,192	8,948
Bradford Banking Company, Limited ...	49,292	19,983	20,685	18,282	16,473	17,497	16,565	15,391	14,416
Carlisle & Cumberland Banking Co., Limited	26,610	22,419	21,004	20,760	21,345	22,513	22,220	22,857	24,093
Halifax & Huddersfield Union Bkg. Co., Ltd.	44,137	4,136	4,053	4,044	4,250	4,405	4,183	4,324	4,529
Halifax Commercial Banking Co., Limited	13,733	5,262	5,705	6,095	5,786	5,950	5,520	5,503	5,431
Halifax Joint Stock Banking Co., Limited	18,534	9,081	8,942	8,664	8,193	9,010	8,337	8,086	7,345
Lancaster Banking Company, Limited ...	64,311	45,803	44,606	41,135	39,933	39,263	39,098	38,189	37,590
Lincoln and Lindsey Banking Co., Limited	51,620	31,956	31,703	30,720	30,955	30,464	29,995	29,415	28,621
North & South Wales Bank, Limited	63,951	43,944	42,420	41,714	40,816	39,889	38,238	37,175	35,012
Nottingham & Notts. Banking Co., Limited	29,477	17,107	15,541	16,940	14,644	14,840	14,122	15,838	15,511
Sheffield & Hallamshire Bank, Limited	23,524	3,357	3,560	3,396	3,519	3,633	3,475	3,520	3,529
Sheffield & Rotherham Jnt. Stk. Bkg. Co., Ltd.	62,496	6,348	6,723	6,520	6,805	7,248	6,688	6,835	6,222
Sheffield Banking Com- pany, Limited	35,843	6,884	7,891	7,411	7,265	7,423	7,344	6,835	6,529
Stamford, Spalding & Boston Bkg. Co., Ltd.	56,721	27,340	27,090	26,314	26,273	26,695	26,164	25,769	25,457
Stuckey's Banking Co., Limited	356,976	81,722	82,235	83,632	83,833	85,501	85,337	86,839	85,998
Wakefield & Barnsley Union Bank, Limited	14,604	3,653	3,938	3,455	3,600	3,781	3,849	3,929	3,553
Whitehaven Joint Stk. Banking Co., Limited	31,916	23,642	22,953	21,403	21,005	20,875	21,298	21,816	21,831
Wilts and Dorset Bkg. Co., Limited	76,162	47,693	47,963	48,490	49,550	50,063	50,245	50,976	50,111
York City and County Banking Co., Limited	94,096	85,116	79,357	74,962	71,510	69,138	67,374	68,772	70,651
TOTALS	1,136,283	496,526	485,796	473,235	464,791	466,975	457,024	461,261	455,291

IRISH AND SCOTCH NOTE CIRCULATION RETURNS.

ACCOUNTS pursuant to the Acts 8 and 9 Vict., caps. 37 and 38, of the amount of BANK NOTES authorised by Law to be issued by the several Banks of Issue in IRELAND and SCOTLAND, and the average amount of Bank Notes in circulation, and of Coin held during the four weeks ended Saturday, the 22nd day of October, 1904.

IRISH BANKS.

Name and Title as set forth in Licence.	Circulation authorised by Certificate.	Average Circulation during four weeks ended as above.			Average amount of Coin held during four weeks ended as above		
		£5 and upwards.	Under £5.	Total.	Gold.	Silver.	Total.
	£	£	£	£	£	£	£
The Bank of Ireland	3,738,428	1,776,750	957,725	2,734,475	588,749	74,747	663,496
The Prov. Bk. of Ireland, Ltd.	927,667	459,816	314,048	773,864	256,887	41,063	297,950
The Belfast Bkg. Co., Ltd.	281,611	339,601	289,959	579,560	407,596	35,396	442,992
The Northern Bkg. Co., Ltd.	243,440	338,111	255,898	594,009	407,231	54,345	461,576
The Ulster Bank, Ltd.	311,079	603,409	399,283	1,002,692	726,216	90,938	817,154
The National Bank, Ltd. ...	852,269	831,187	441,422	1,272,609	551,053	180,001	681,054
	6,854,494	4,348,874	2,608,335	6,957,209	2,937,732	426,490	3,364,222

SCOTCH BANKS.

	£	£	£	£	£	£	£
Bank of Scotland	343,418	308,321	786,599	1,094,920	791,458	137,753	929,211
Royal Bank of Scotland	216,461	282,136	724,789	1,006,925	866,514	75,947	942,501
British Linen Company	438,024	232,288	656,330	888,618	542,435	113,280	655,715
Commer. Bk. of Scotland, Ltd.	374,880	247,502	722,741	970,243	671,947	75,640	747,587
National Bk. of Scotland, Ltd.	297,024	236,548	598,794	835,342	630,537	65,201	695,738
Union Bk. of Scotland, Ltd.	454,346	299,295	707,657	1,006,952	662,919	97,331	760,250
Town & County Bank, Ltd.	70,133	129,097	179,594	308,691	249,519	30,845	280,364
North of Scotland Bank, Ltd.	154,319	198,526	260,343	458,869	320,468	22,826	343,294
Clydesdale Bank, Ltd.	274,321	232,021	562,652	794,673	550,619	105,429	656,048
Caledonian Banking Co., Ltd.	53,484	60,858	82,191	143,049	93,862	9,887	103,749
	2,676,350	2,226,592	5,281,690	7,508,282	5,380,278	734,179	6,114,457

IRISH BANKS.

Four weeks ended Saturday, the 19th day of November, 1904.

Name and Title as set forth in Licence.	Circulation authorised by Certificate.	Average Circulation during four Weeks ended as above.			Average amount of Coin held during four weeks ended as above		
		£5 and upwards.	Under £5.	Total.	Gold.	Silver.	Total.
	£	£	£	£	£	£	£
The Bank of Ireland	3,738,428	1,826,875	975,200	2,802,075	597,475	78,979	676,454
The Prov. Bk. of Ireland, Ltd.	927,667	501,047	328,558	829,605	263,230	39,357	302,587
The Belfast Bkg. Co., Ltd.	281,611	351,355	247,843	599,198	427,292	34,596	461,888
The Northern Bkg. Co., Ltd.	243,440	350,244	261,230	611,474	456,407	52,631	489,038
The Ulster Bank, Ltd.	311,079	642,154	428,340	1,070,494	798,248	90,563	888,811
The National Bank, Ltd. ...	852,269	900,065	463,490	1,363,555	662,458	129,719	792,177
	6,854,494	4,571,740	2,704,661	7,276,401	3,185,110	425,845	3,610,955

SCOTCH BANKS.

	£	£	£	£	£	£	£
Bank of Scotland	343,418	344,055	821,867	1,165,922	878,579	136,880	1,015,459
Royal Bank of Scotland	216,461	309,356	746,970	1,066,326	924,787	82,570	1,007,357
British Linen Company	438,024	255,080	677,792	932,872	574,334	97,610	671,944
Commer. Bk. of Scotland, Ltd.	374,880	270,669	749,888	1,020,557	741,828	76,482	818,310
National Bk. of Scotland, Ltd.	297,024	250,112	616,923	867,03	656,261	70,544	726,805
Union Bk. of Scotland, Ltd.	454,346	334,585	742,351	1,076,936	711,347	91,724	803,071
Town & County Bank, Ltd.	70,133	139,827	178,358	318,186	269,106	31,498	300,599
North of Scotland Bank, Ltd.	154,319	214,709	264,710	479,419	349,881	23,761	373,642
Clydesdale Bank, Ltd.	274,321	254,801	580,120	834,921	611,081	103,733	714,814
Caledonian Banking Co., Ltd.	53,484	62,402	85,975	143,377	104,060	10,670	114,730
	2,676,350	2,435,596	5,464,954	7,900,550	5,821,264	725,467	6,546,731

IRISH AND SCOTCH NOTE CIRCULATION RETURNS.

ACCOUNTS pursuant to the Acts 8 and 9 Vict., caps. 37 and 38, of the amount of BANK NOTES authorised by Law to be issued by the several Banks of Issue in IRELAND and SCOTLAND and the average amount of Bank Notes in circulation, and of Coin held during the four weeks ended Saturday, the 17th day of December, 1904.

IRISH BANKS.

Name and Title as set forth in Licence.	Circulation authorised by Certificate.	Average Circulation during four weeks ended as above.			Average amount of Coin held during four weeks ended as above.		
		£5 and upwards.	Under £5.	Total.	Gold.	Silver.	Total.
	£	£	£	£	£	£	£
The Bank of Ireland	3,738,428	1,671,550	940,900	2,612,450	604,177	95,424	699,601
The Prov. Bk. of Ireland, Ltd.	927,667	470,622	311,217	781,839	269,269	39,858	309,127
The Belfast Bkg. Co., Ltd.	281,611	328,802	236,357	565,159	390,132	35,428	425,560
The Northern Bkg. Co., Ltd.	243,440	316,814	248,555	565,369	391,200	52,592	443,792
The Ulster Bank, Ltd.	311,079	579,739	406,996	986,735	711,005	93,662	804,667
The National Bank, Ltd. ...	852,269	825,968	443,800	1,269,768	601,065	135,668	736,733
	6,354,494	4,193,495	2,587,825	6,781,320	2,966,848	452,632	3,419,480

SCOTCH BANKS.

	£	£	£	£	£	£	£
Bank of Scotland	343,418	346,952	802,477	1,149,429	812,175	132,812	944,987
Royal Bank of Scotland	216,451	317,145	728,720	1,045,865	914,608	89,391	1,004,439
British Linen Company	438,024	263,538	668,941	932,479	530,748	95,651	626,399
Comerol Bk. of Scotland, Ltd.	374,880	275,437	730,205	1,005,642	705,345	78,856	784,201
National Bk. of Scotland, Ltd.	297,024	259,748	615,248	874,996	671,596	72,957	744,553
Union Bk. of Scotland, Ltd.	454,346	326,145	708,897	1,035,042	725,078	97,603	822,681
Town & County Bank, Ltd.	70,133	166,929	188,119	355,048	297,580	28,475	326,055
North of Scotland Bank, Ltd.	154,319	240,579	276,828	517,407	386,718	21,636	408,354
Clydesdale Bank, Ltd.	274,321	256,944	563,776	820,720	625,882	102,408	728,290
Caledonian Banking Co., Ltd.	53,434	73,382	96,132	169,514	121,039	9,677	130,716
	2,676,350	2,526,799	5,379,343	7,906,142	5,790,769	729,964	6,520,733

IRISH BANKS.

Four weeks ended Saturday, the 14th day of January, 1905.

Name and Title as set forth in Licence.	Circulation authorised by Certificate.	Average Circulation during four weeks ended as above.			Average amount of Coin held during four weeks ended as above.		
		£5 and upwards.	Under £5.	Total.	Gold.	Silver.	Total.
	£	£	£	£	£	£	£
The Bank of Ireland	3,738,428	1,574,300	913,200	2,487,500	573,167	83,946	657,113
The Prov. Bk. of Ireland, Ltd.	927,667	433,375	297,517	730,892	281,745	37,884	319,629
The Belfast Bkg. Co., Ltd.	281,611	304,989	229,812	534,801	361,204	35,180	396,384
The Northern Bkg. Co., Ltd.	243,440	288,991	233,005	521,996	378,232	50,584	428,816
The Ulster Bank, Ltd.	311,079	521,530	374,713	896,243	639,554	89,915	729,469
The National Bank, Ltd. ...	852,269	755,497	419,559	1,174,856	548,234	189,255	687,489
	6,354,494	3,878,682	2,467,806	6,346,288	2,782,136	436,764	3,218,900

SCOTCH BANKS.

	£	£	£	£	£	£	£
Bank of Scotland	343,418	328,795	764,505	1,093,800	751,242	122,284	873,526
Royal Bank of Scotland	216,451	292,574	708,708	1,001,282	868,543	93,854	962,397
British Linen Company	438,024	242,011	631,027	873,038	481,353	96,219	577,572
Comerol Bk. of Scotland, Ltd.	374,880	258,155	694,177	952,332	661,922	80,511	742,433
National Bk. of Scotland, Ltd.	297,024	239,599	581,707	821,306	637,915	70,973	708,888
Union Bk. of Scotland, Ltd.	454,346	296,049	665,136	961,185	664,731	95,623	760,354
Town & County Bank, Ltd.	70,133	139,690	169,060	308,750	255,051	28,572	283,623
North of Scotland Bank, Ltd.	154,319	200,475	247,877	448,352	319,499	23,365	342,864
Clydesdale Bank, Ltd.	274,321	239,293	532,221	771,517	573,267	94,507	667,774
Caledonian Banking Co., Ltd.	53,434	62,293	81,792	144,085	99,118	9,704	108,822
	2,676,350	2,298,937	5,076,210	7,375,147	5,312,641	715,612	6,028,253

BANKS OF ISSUE.—CIRCULATION RETURNS.

ENGLISH BANKS.

—	Author- ised Issues.	Average circulation for weeks ending				Average weekly circulation for 4 weeks ending Oct. 22, 1904.	Average weekly circulation corres- ponding period of previous year.	Average weekly circulation below authorised Issue.
		1904. Oct. 1.	1904. Oct. 8.	1904. Oct. 15.	1904. Oct. 22.			
	£	£	£	£	£	£	£	£
17 Private Bks.	684,201	167,234	172,531	173,943	169,701	170,852	201,217	513,349
19 Jt. Stk. Bks.	1,133,283	474,850	494,511	492,063	484,119	486,886	539,229	648,897
36 Total...	1,819,484	642,084	667,042	666,006	653,820	657,238	740,446	1,162,246

—	Author- ised Issues.	Average circulation for weeks ending				Average weekly circulation for 4 weeks ending Nov. 19, 1904.	Average weekly circulation corres- ponding period of previous year.	Average weekly circulation below authorised Issue.
		1904. Oct. 29.	1904. Nov. 5.	1904. Nov. 12.	1904. Nov. 19.			
	£	£	£	£	£	£	£	£
17 Private Bks.	684,201	169,306	172,204	169,732	171,425	170,667	201,814	513,534
19 Jt. Stk. Bks.	1,133,283	485,023	494,999	500,602	493,938	494,140	542,959	641,143
36 Total...	1,819,484	654,329	667,203	670,334	667,363	664,807	744,773	1,154,677

IRISH AND SCOTCH BANKS.

—	Author- ised Issues.	Average circulation during 4 weeks ending Oct. 32nd, 1904.			Average circulation at corres- ponding period of last year.	Average amount of gold and silver coin held.	Average amount of gold and silver at corres- ponding period of last year.	Comparison of circulation with authorised Issues.
		£5 and upwards.	Under £5	Total.				
	£	£	£	£	£	£	£	£
6 Irish Banks	6,354,494	4,348,874	2,608,335	6,957,209	7,561,989	3,364,222	3,796,622	+ 602,715
10 Scotch Bks.	2,676,350	2,226,592	5,281,690	7,508,282	7,735,331	6,114,457	6,361,167	+ 4,831,982
16 Total...	9,030,844	6,575,466	7,890,025	14,465,491	15,297,320	9,478,679	10,157,789	+ 5,434,647

—	Author- ised Issues.	Average circulation during 4 weeks ending Nov. 19th, 1904.			Average circulation at corres- ponding period of last year.	Average amount of gold and silver coin held.	Average amount of gold and silver at corres- ponding period of last year.	Comparison of circulation with authorised Issues.
		£5 and upwards.	Under £5.	Total.				
	£	£	£	£	£	£	£	£
6 Irish Banks	6,354,494	4,571,740	2,704,661	7,276,401	7,848,105	3,610,955	3,904,255	+ 921,907
10 Scotch Bks.	2,676,350	2,455,596	5,464,954	7,900,550	8,142,439	6,546,731	6,844,985	+ 5,224,200
16 Total	9,030,844	7,007,336	8,169,615	15,176,951	15,990,594	10,157,686	10,749,240	+ 6,146,107

BANKS OF ISSUE.—CIRCULATION RETURNS.

ENGLISH BANKS.

	Author- ised Issues.	Average circulation for weeks ending				Average weekly circulation for 4 weeks ending Dec. 17, 1904.	Average weekly circulation corres- ponding period of previous year.	Average weekly circulation below authorised Issue.
		1904. Nov. 26.	1904. Dec. 3.	1904. Dec. 10.	1904. Dec. 17.			
	£	£	£	£	£	£	£	£
17 Private Bks.	684,201	185,024	181,460	173,671	166,866	176,755	204,900	507,44
19 Jt. Stk. Bks.	1,135,283	495,526	485,796	473,235	464,791	479,837	521,374	655,44
36 Total...	1,819,484	680,550	667,256	646,906	631,657	656,592	726,274	1,162,88

	Author- ised Issues.	Average circulation for weeks ending				Average weekly circulation for 4 weeks ending Jan. 14, 1905.	Average weekly circulation corres- ponding period of previous year.	Average weekly circulation below authorised Issue.
		1904. Dec. 24.	1904. Dec. 31.	1905. Jan. 7.	1905. Jan. 14.			
	£	£	£	£	£	£	£	£
17 Private Bks.	684,201	166,685	162,129	157,379	156,118	160,578	181,924	523,62
19 Jt. Stk. Bks.	1,135,283	466,975	457,024	461,261	455,258	460,129	500,797	676,16
36 Total...	1,819,484	633,660	619,153	618,640	611,376	620,707	682,721	1,198,78

IRISH AND SCOTCH BANKS.

	Author- ised Issues.	Average circulation during 4 weeks ending Dec. 17th, 1904.			Average circulation at corres- ponding period of last year.	Average amount of gold and silver coin held.	Average amount of gold and silver at corres- ponding period of last year.	Compara- ison of circulation with authorised Issue.
		£5 and upwards.	Under £5.	Total.				
	£	£	£	£	£	£	£	£
6 Irish Banks	6,354,494	4,193,495	2,587,825	6,781,320	7,424,963	3,419,480	3,749,233	+ 424,753
10 Scotch Bks.	2,676,350	2,526,799	5,379,313	7,906,112	8,130,346	6,520,733	6,816,174	+ 5,233,939
16 Total	9,030,844	6,720,294	7,967,168	14,687,462	15,555,309	9,940,213	10,565,456	+ 5,666,892

	Author- ised Issues.	Average circulation during 4 weeks ending Jan. 14th, 1905.			Average circulation at corres- ponding period of last year.	Average amount of gold and silver coin held.	Average amount of gold and silver at corres- ponding period of last year.	Compara- ison of circulation with authorised Issue.
		£5 and upwards.	Under £5.	Total.				
	£	£	£	£	£	£	£	£
6 Irish Banks	6,354,494	3,878,682	2,467,606	6,346,288	6,968,778	3,218,900	3,539,869	- 2,428,919
10 Scotch Bks.	2,676,350	2,298,937	5,076,210	7,375,147	7,502,567	6,028,253	6,191,142	+ 4,636,804
16 Total	9,030,844	6,177,619	7,543,816	13,721,435	14,471,345	9,247,153	9,731,011	+ 4,636,804

JOURNAL

OF THE

Institute of Bankers.

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MARCH, 1905.

D. G. H. POLLOCK, Esq., in the Chair.

THE PRACTICE OF THE LAND REGISTRY AS AFFECTING BANKING.

By C. F. BRICKDALE, Esq., Registrar of the Land Registry.

[Read before the Institute, on Wednesday, February 1st, 1905.]

11 1078.

BEFORE proceeding to the subject of my paper, I wish to say how great an honour I feel it to be that I am allowed to address your society, and to lay before you some aspects, of a plain and practical character, of the reforms which are now in course of institution in regard to our system of dealing with land and real security. As some of you may remember, this is not absolutely the first time you have been good enough to listen to a paper of mine on this same subject. As long ago as April, 1887, I had the honour to address you on the Land Transfer Bill, then lately introduced by Lord Halsbury. In that paper I endeavoured to present to you a sketch of the ordinary system of proving title and effecting and enforcing mortgages, with some illustrations, drawn from actual cases, of the principal drawbacks of that system. This was followed by a short history of the continual attempts made from the time of Henry VIII onwards, to establish some sort of registry, first of deeds, and latterly of title, in this country, and an explanation of the principal advantages claimed by each.

A good deal has happened in the interval between that paper and this. The Land Transfer Bill of 1887, after sundry adventures, during a ten years' struggle in Parliament, became law (though in a somewhat attenuated form) in the Land Transfer Act of 1897, and was put into practical operation in the County of London in 1899. Since that time a considerable amount of experience of its working has accumulated. I propose this evening to draw your attention to some points, revealed by that experience, in which bankers as a body appear likely to be more particularly interested.

But in order correctly to apprehend the particular features that concern you more nearly, I think it will be well in the first place to put before you in somewhat greater detail than was possible in 1887 the leading features of the system of registration intended to be established under the Land Transfer Acts, and of the means adopted by those Acts for effectively establishing it.

REGISTRATION OF TITLE GENERALLY.

In the first place it is useful to remember that a register of title is, essentially, a list of owners of land with particulars of the properties they own, and of the mortgages and other incumbrances which affect them. Legal validity is given to this list by Act of Parliament—that is to say, the mere fact of being entered on the register as the proprietor of land or of a charge makes the person so entered the owner of it. Ownership passes from one person to another by the act of registration, and the registered proprietor for the time being has an absolute right to dispose of the property to anyone he pleases. The consequence is that an intending purchaser of registered land has no need to make any private enquiry into the title, he merely sees that the person he is dealing with is the registered proprietor, and thereupon concludes his bargain with him, and takes a transfer from him at once, on the strength of it. The highly technical, and, to the layman, often barely intelligible, “conveyance”—which, notwithstanding all modern improvements, may still be rendered inoperative by the omission of three words, the meaning and necessity of which are unknown to the majority—is also superseded by a simple and clearly expressed instrument of transfer, on production of which at the registry, duly executed by the registered proprietor, the new owner is registered as proprietor in his place. On registration the new owner's title becomes complete and unassailable. Similar provision is made for mortgaging, and for dealings with mortgages. A “Land Certificate” issued to the registered proprietor gives him a portable counterpart of the register, and enables him to obtain a temporary loan from a banker by deposit. By these means the public obtains not only security from fraud, but also immunity from much of the expense and delay which (as is only too well known) are incident to dealings with land where the registration system does not exist. The register is strictly private, and can only be inspected by the proprietor or with his written permission.

The simple way in which ships, shares, and stocks are dealt with by means of a register is familiar to most persons of experience. It is also fairly well known that for many years registration of title to land has been in successful operation in our Australasian and other Colonies, and, under circumstances probably more

closely analogous to those of our own country, in the greater part of the German and Austro-Hungarian Empires.

Registration of Title on the Continent.

With regard to these latter systems, I may say (if you will forgive a slight digression) that a few years ago, namely, in 1896, I was permitted to make an official tour of inspection, and to report upon their practical working, with a view to seeing whether it was satisfactory, and, if so, whether we could usefully adopt any of the features there prevalent.

Having been furnished with the necessary official facilities, I first made general enquiries in the respective capitals, Berlin and Vienna, consisting mainly of interviews with the chief officers of the Ministries of Justice and Finance, as to the principal features of the land registration law and of its administration, and as to the Cadastral system, maps, and offices: I also had interviews with lawyers, bankers, and other business men as to the general practical results of the system as applied to every-day transactions, and inspected the registry offices, registers, maps, and records for the central and suburban portions of the two cities. This done, I visited the registry offices and made further enquiries in Dresden, Prague, Budapest, Munich, and Cologne, together with other smaller towns in agricultural, industrial, and mining districts lying between those places—having been previously advised in the capitals as to where special features could best be studied. By these means a general survey of the actual daily working of the system of registration of title under a considerable variety of conditions was obtained. It was shown in its application to estates of various sizes, values, characters, and situations, and subject to numerous diverse legal, commercial, and political incidents. Examples of all these were given in the Parliamentary Report published afterwards.

In some of the districts observed, titles had been registered from time immemorial; in others they had been partially registered for a long period; while in others the system is totally new and unaccustomed, and has been preceded by no registration at all. The examples in the Report include, for instance, such great estates as the ancestral domains of the Bohemian nobility (among whom are to be found some of the largest landowners in Europe), subject to the strictest entails, carrying political privileges of the highest importance, and specially registered in immense separate volumes in the provincial capital; they also include (by way of contrast) the tiny sub-divisions of the peasant proprietors of the Rhine Provinces, where the principles and practice of the Code Napoleon are still deeply rooted in the customs and feelings of the people. They include, on the one hand, specimens taken from

the rapidly developing building properties in the suburbs of Berlin, with their villa residences and restrictive covenants, and, on the other, remote Silesian manors with their tenant farmers, antique rights of common, and commuted rents and services, dating from feudal times. They show the system as applied to vast featureless plains like the corn-growing regions of Hungary, to the busy mining and industrial districts of Saxony and the Black Country of Germany close to the Russian frontier, as well as to the picturesque Alpine hamlets and pastures—with their innumerable interdependent rights of way, water, and other complicated easements—to be found in Styria and the Salzkammergut; they pass from the intricacies of cellars and flats, courts and passages, of the Jews' quarter of the City of Prague, to the simple conditions of a quiet agricultural district in Brandenburg; from mortgages on first-class properties, involving hundreds of thousands of pounds, and subject to the most complicated subsequent dealings by way of transfer, alteration, sub-division, and collateral security, down to rows of petty charges on diminutive shares in an inconsiderable estate; from great cities where values are measured almost by the square inch, to trackless wastes and bare mountains of scarcely any value at all.

Over the whole of this vast and diversified tract—embracing an area more than seven times the size of England and Wales—systems of registration of title differing in no essential particular from the systems established under the Torrens Acts in Australia, and partially established under the Land Registry Acts in England and Ireland have been in almost universal operation for a considerable period, amounting in the principal Austrian provinces to upwards of 80 years, and in certain places—Bohemia, for instance—dating from a much more remote period.

Notwithstanding the great complications of many of the dealings, the Continental registers appeared, according to every test by which their practical efficiency could be tried, to be giving complete satisfaction, and to enable landowners, large and small, habitually to transact sales and mortgages with an ease, rapidity, cheapness, and security which, to persons accustomed only to the conditions of land transactions in this country, will appear almost incredible.

One point which I noticed may be of special interest here, namely, the—

LAND BANKS.—Owing to the extreme ease with which, after a little practice, any ordinary business man can test a title, and draw up a mortgage, an immense business is carried on under the title of Real Credit Institutions and Land Banks. The ordinary bankers, like our own, do not regard permanent mortgages of land as a very desirable form of investment, though,

like our own bankers, they occasionally lend to their own customers on real security by way of exception. But the land banks (as to which full particulars are given in the Report) are specially formed for the purpose of lending money on security of land, and here landowners can obtain permanent loans, or, what is more common, loans to be paid off in 40 or 50 years by terminable annuity, including principal and interest, to any amount, without delay, and usually without commission or any other expense than the bare land-registry fees. The largest landowners use these banks as well as the smallest, and are stated to have found them of the utmost service. The debentures of the land banks appear among the highest forms of securities in great numbers, in the daily published lists of the Stock Exchange.

For further details of the German and Austro-Hungarian systems of Land Registration I will venture to refer you to my Official Report, published in the autumn of 1896 (C. 8,139, 1896).

Registration of Title in England.

That it would be desirable, if possible, to establish a general register of title in this country, with a State guarantee of accuracy, has for a long time been apparent to almost all who have given serious attention to the subject. The great difficulty, and one which for a long time baffled the efforts of reformers, has been the initial one of establishing the register in the first instance. For, on the one hand, it was felt that it would hardly be safe for the Government to accept, and guarantee as accurate, the unchallenged statements of landowners as to their own titles. On the other hand, to test such statements in a full and adequate manner would involve more enquiry than has hitherto been thought practicable in every case. In face of this dilemma a middle course has been adopted, called "possessory" registration. Under this system the register is drawn up from the statements of the landowners themselves, supported merely by *prima facie* evidence (usually the production of the last title deed only); the register so formed being given a qualified guarantee, which in course of time will become practically equivalent to an absolute one. This I will explain more fully later on.

This procedure has, of course, an advantage and a drawback. The advantage is that the initial outlay is reduced to the smallest possible dimensions. The drawback is that several years must elapse before the full benefit of the change of system can be felt by the public, while, for the first few years at least, some expenses necessarily incidental to a transitional state, must be expected in addition to the usual costs of sales and mortgages. It is hoped that the arrangements made have minimised these as much as possible. But although it is thus too early as yet to look for the

important results in respect of cheapness and simplicity which will ensue when the system has had time to mature, there are still some advantages in point of security from fraud, clearness and definiteness in description of the land dealt with, and simplicity in the form and appearance of the instruments used in ordinary sales and mortgages, which are secured at once by the proprietor of registered land—even where (as has been done in the majority of cases up to the present time) he has contented himself with the minimum of efficacy by applying for a “possessory” title only. In the case of a lease registered before it has changed hands, the full benefit of the system is experienced at once, as the registered title is practically “absolute” from the commencement.

With the same object of causing as little disturbance as possible in the initial stages, it was decided that the best occasion for bringing property generally on to the register would be the occasion of sale. On a sale there has always been a certain amount of investigation into title, and a deed of conveyance has been drawn up, containing a description of the property, and defining the rights of the various persons interested in it. There is thus, ready to hand, a convenient basis on which to found the registration. Also the parties are incurring a certain amount of cost, a considerable sum of money is passing from hand to hand, and the slight additional expense involved in entering the title on the register is not so much felt as it would be if no transactions were going on, and the landowner had to frame a description of his property and enumerate the incumbrances specially for the purposes of registration, and to defray expenses out of income.

It was always a part of the scheme (at least ever since the Act of 1875) to establish local registries as soon as the amount of business would justify the expenditure, and experience shows that much of the success of the system depends on having the registry within a reasonable distance of the land dealt with in it. But up to the present (though there are registered estates in almost every county in England and Wales) there has not been enough work in any district outside London to enable a local registry to be set up.

With the object of regulating the quantity of work to be undertaken by the Land Registry Department, it was arranged that the Privy Council should by Order determine from time to time the areas in which general registers were to be established, subject to some rather elaborate checks on the part of the county councils which I need not further go into. The first county selected by the Privy Council was the Administrative County of London—an area which possessed many advantages, not the least of which was (at least so it seems to me) that, for a system intended ultimately to apply to the whole country, the metropolis would appear to be the natural and proper place to make the first start.

The Formation of a General Register for the County of London.

The formation of a general register of title for the County of London has now been proceeding for six years. It began on the 1st of January, 1899, in pursuance of Orders in Council made under the twentieth section of the Land Transfer Act, 1897. The Act gave a right of veto to the County Council, but in lieu of exercising it the Council passed a vote (on the 15th of February, 1898) in favour of the Order, by a majority of 73 to 35.

The order was drawn so as to apply to a small portion of the county only at first, and to extend gradually, at intervals of a few months at a time, to the whole metropolitan area south as well as north of the Thames, including the City of London.

To give some idea of the progress and character of the work thus undertaken, I may state that down to the end of September last (1904) 73,562 separate properties, of an aggregate value of £77,585,225 have been placed on the register, and 75,753 transactions by sale, mortgage, inheritance, and otherwise have also been recorded of these properties subsequently to their entry on the register, making a total of 149,315 applications dealt with.

Every property registered involves the perusal of at least one deed, the drafting and obtaining the applicant's approval of the precise entries for the register, the preparation of an exact plan on the basis of the Ordnance Survey, and the issue of a Land Certificate containing copies of the register and of the plan. There are also map and name indexes to be kept up, and various subsidiary duties to be performed in making and checking the entries in the registers, and in despatching and filing the documents.

The plan, you observe, has to be made on the basis of the ordnance map. This map was revised only a few years ago, namely, in 1893, but, owing to the rapid growth of the suburbs, and large alterations in all parts, a great deal of further revision has been, and will probably always continue to be, needed for registration purposes. This work has been, up to the present, performed by the land registry survey and map department, who have in the course of the past six years revised (so far as necessary for registration purposes) the whole of the large scale (5 ft. to the mile) Ordnance Map of the County of London, except the City, where it was found best to make special surveys when required. In the course of this it has been found necessary to entirely redraw and reprint 26 entire sheets, and to make special lithographs of over 4,000 smaller areas. In addition to this, over 2,500 acres in the suburbs (19 sheets), hitherto published only on the smaller scale of 25 inches to the mile, have been re-surveyed, drawn, and reproduced on the 5 ft. scale. About 1,000 enlargements and special surveys have also been made for particular

registrations. All this is done without any charge to the public beyond the regular *ad valorem* scale fees charged for registration, as scheduled to the Act of 1897.

Form and Contents of the Register.

The register consists of three parts. First comes a description of the property (called the Property Register), consisting usually of a very few words, giving the parish, the name of the house or estate, and referring for all further particulars to a filed plan. Next, on a fresh page, is the name and address of the registered proprietor. This is called the Proprietorship Register. After that, on another page (called the Charges Register), come the mortgages, charges, leases, and other incumbrances, if any; each of these parts has several blank pages left for subsequent dealings, and, where leases, charges, and other incumbrances are likely to be numerous, separate divisions of the charges register are made to facilitate reference.

The entries in the register are usually founded, in the case of freeholds, on the last conveyance on sale, and in the case of leaseholds (which in London out-number freeholds by about three to one), on the lease, produced by the applicant for the purpose, and the assignment to the applicant (if any); a copy of the last deed vesting the property in the applicant is also filed in the office.

The Process of Entering Land on the Register.

The procedure on an application to place a property on the register has been designed so as to cause the applicant (which, of course, usually means the applicant's solicitor) as little trouble as possible. As a general rule, one attendance at the registry, with the purchase deed on which the application is founded, and a copy for filing, suffices for everything. The applicant is not required to draw up any formal application beforehand. No plan need be made by him. When the case is finished, the deed is returned to him, together with the Land Certificate, by registered post. On an average, the attendance takes from half-an-hour to an hour, provided the applicant possesses the necessary information to begin with, and either comes at a time when the office is not over full (that is to say, between 11 and 1 o'clock), or makes an appointment beforehand.

Each case is dealt with in four stages. First, the applicant is shown the ordnance map (scale 5 ft. to the mile), on which he points out the property, and gives the necessary instructions for the preparation of the filed plan; next his deed is perused, the fees assessed, and the draft entries for the register are drawn up and submitted for his approval; after this he procures, and affixes to

the draft, Land Registry stamps for the fees (a receipt is given if required); and lastly, he goes to a clerk, who accepts his deed and draft, and other documents, if any (giving a receipt if required), and formally enters the application and gives it its order of priority. The applicant then has nothing more to do (unless some question arises in the course of the registration) than to wait about a week for the return of his deeds by registered post, with the Land Certificate.

In the course of that week the application goes through various processes, the principal of which are the following:—First, the draft entries are checked by a fresh hand as to all particulars, such as names, dates, etc., where error is likely to creep in, and are afterwards settled by a superior officer. They are then typed (by a special type-writing machine) on to the register book, two further copies being given off at the same time, one for the land certificate, the other to be stored in a strong room in case of damage to the registers. During these operations the plan is also being made in the map department, in triplicate, one copy to file, one for the land certificate, one to put away in the strong room. The plan is made by comparison of the description in the conveyance or lease with the revised ordnance map. If these appear to agree, the case is proceeded with at once. If they do not agree (and this occurs about once in every four cases) the discrepancy has to be cleared up by a visit to the ground, and sometimes, if this does not explain the discrepancy, by further communication with the applicant. Every plan, when finished, is again independently checked with the title deed, and approved by two superior officers of the department. The property is also tinted and numbered on the index map, and the proprietor's name and address entered in an index of moveable cards, showing every proprietor, and giving references to the titles and charges for the time being belonging to him. Finally, the papers are looked over to see that all are in order, the Land Certificate is bound up, sealed, and signed, and despatched to the proprietor by registered post, with his deed and other documents, if any, marked with the date and number of the registration.

Where special expedition is required, special efforts can be made to secure it. For instance, on one occasion application was made on a Friday morning to register one of the largest London theatres. The manager was starting for America on the Sunday or Monday, and wished to take the Land Certificate with him. The plan on the deed did not agree with the ordnance map: this would usually have involved some little delay while waiting for one of the registry surveyors to be at liberty to investigate it. The solicitor, after explaining the circumstances, asked to be allowed to take a surveyor to the ground at once to investigate. They went off in a cab together, the surveyor returned and reported on the discre-

pancy, the plan was prepared, all the other processes above mentioned were successively executed, the Register and Land Certificate were made up, and the deed and certificate were handed to the solicitor on the following (Saturday) morning. Nor is this by any means a unique instance of what can be done where the applicant is able to furnish the necessary information, and has reasonable grounds for exceptional treatment—such as the pendency of other transactions, which cannot go on until the registration is complete.

On an average, during the year 1904, about 46 applications for first registration of land passed through the office every day, besides about 70 dealings, by way of transfer, charge, lease, and so on, with land already registered. Of course, at particular times in the year, as well as from day to day, these numbers vary very greatly.

Dealings with Registered Land.

When registered land is transferred or charged, the proprietor executes an instrument of transfer, or charge, in a prescribed form. If desired, the form may be altered or added to. This instrument is brought to the registry, and in the case of a transfer the old proprietor's name is cancelled, and that of the new proprietor is entered in its place. In the case of a charge, short particulars of the amount, rate of interest, etc., are entered in the charges register, together with the name of the creditor. Charges can be transferred and otherwise dealt with on the register in the same manner as the land. If part of an estate is dealt with, a plan is attached to the transfer, and a new title is opened for the transferee, with a fresh plan; the part thus separated being also marked off on the filed plan of the original estate by a special colour. Charges which have been paid off are cancelled altogether, after which their existence may be entirely neglected. Successions on death are registered in the same way as transfers, by cancelling the deceased proprietor, and entering the legal representative, or the person named by him as entitled.

As regards expense, the result of registration of title may be illustrated by a few examples.

A sale for £5,000, under a title registered as absolute, costs both parties together £23 14s. That is to say, £9 for the registry fee, and 7 guineas to each of the solicitors, assuming professional assistance to be employed.

Coming to low values, at £100 the total costs of both parties would in the same way be £1 7s. As a specimen of a high value, a sale for £50,000 would cost similarly £77 10s.

On every dealing which involves a change of ownership, or the entry of a charge, the Land Certificate is produced and noted. This document, therefore—though not quite so authoritative as

the register itself—may nevertheless be relied upon for most purposes as evidence of title, and, being in the owner's possession, enables him to enter into negotiations, and to complete transactions at a distance from the registry, and even, under, favourable conditions, without the necessity of actual reference to the books. If thought necessary, a search can be made, and official reply given, by telegraph.

On the registration of a charge (which is the equivalent of a mortgage), the creditor is given a "Certificate of Charge," which contains copies of the charge itself, of the register, and of the filed plan. It is thus unnecessary for him to take possession of the debtor's land certificate, as he would the title deeds of an unregistered property. This should save the debtor a good deal of expense and inconvenience in subsequent dealings with the encumbered estate. If the creditor sells the property, his purchaser can be registered, without producing the Land Certificate, on production of the Certificate of Charge only.

Time Occupied in Registrations.

About 50 per cent. of the first registration cases have been disposed of within a week; about 80 per cent. within a fortnight. It may fairly be said that in 90 per cent. of the cases that occupy more than a week, the delay is owing to the discovery of some serious discrepancy between the description of the land contained in the applicant's deed and the actual state of the property as shown by his claim made out on the revised ordnance map. Sometimes the claim embraces more land than has been conveyed, sometimes less. Sometimes the plot, which the applicant has identified on the ordnance map is another plot altogether to that mentioned in the deed. Sometimes the position and shape of the boundary walls and fences are different to those given in the lease or conveyance, sometimes, when the dimensions are correct the angles are wrong and overlap neighbouring property. Sometimes the description has been copied from an old deed, and has no relation to the existing state of the property at all.

These discrepancies are of such common occurrence that over 25 per cent. of the cases necessitate a visit to the ground on the part of one of the land registry surveyors before the plan can be safely completed. No extra charge is made for these visits, or for any necessary surveying or mapping done by the department in the course of an application—the general *ad valorem* scale of fees having been calculated so as to be inclusive of all incidental costs.

The adoption of as high a standard of accuracy as possible in regard to plans would appear desirable for obvious reasons—especially in London, where ground is so valuable—and further, it must be remembered that the ordnance map, which forms the

basis of every land registry plan, is so precise and accurate that vagueness is impossible, and error, which might otherwise pass unnoticed, is brought out into immediate prominence. The descriptions of land in deeds are sometimes very vague, and a considerable margin of error in detail must often be allowed for. Besides this, there is the necessity of describing each property, as far as possible, in a way that will not subject the plan to the risk of having to be corrected when adjoining property comes in for registration.

A sale or mortgage of registered land can be negotiated and completed in all substantial particulars in a few hours—that is to say, the purchase or mortgage money can be paid, and all necessary acts performed by the parties in that time. A few days are needed afterwards for the formal completion of the registration and issue of the certificate, but it is not usual to wait for these to be carried through before completing the transaction in the ordinary sense. Fifty per cent. of these are completed, and the new certificate issued within four days of their receipt—three of which are occupied in waiting for possible replies to notices sent to the persons who have executed the instruments—similarly to the practice on transfers of shares in companies.

Practical Results up to the Present.

I do not desire in this paper to attempt anything in the nature of a discussion of the comparative merits of this system and any other system, yet I feel it would hardly be complete without some reference to the question how far the objects for which the system of registration of title has been established, namely, to give greater security and facility to dealings with land, and to diminish cost and delay, have been realised. Expenditure has been already incurred by the landowners in establishing it, and it is evident that there will be further expenditure for many years to come. To what extent and in what way has any return for that expenditure yet been obtained? If no results, or only small results, have as yet accrued, how soon may it be expected that the full results will be realised?

In order to reply to this question a certain amount of explanation is necessary.

Absolute and Possessory Title.

There are two main ways in which land may be registered under the Land Transfer Acts—namely, with Absolute Title, and with Possessory Title. The latter, as already stated, is the form of registration which is now compulsory in London. It is not difficult to explain what Absolute Title means. The Land Registry first carefully examines the proprietor's title, and after that confers on him

an absolute right to the property against all the world. He can then immediately dispose of his land without delay, without cost, and without trouble. The purchaser can acquire it likewise without delay, without risk, with no more trouble than is involved in reading a few plain entries in a book, and in filling up a short printed form of transfer for the vendor to sign, and with no more cost than I have already indicated by examples.

Registration with Possessory Title is effected on *prima facie* evidence merely, and is consequently easier to obtain than Absolute Title. So far as regards security from fraud, simple forms of conveyance, accurate plan, and other incidental matters, it has the same effect as Absolute Title, but it does not immediately confer on the proprietor and those who deal with him an indefeasible right to the land against all the world. Its effect is not retrospective; it keeps the title clear for the future, but is no bar to possible adverse claims dating from a time prior to its first entry on the Register books.

Consequently, if the land has to be sold very soon after its registration with Possessory Title, the owner must be prepared to have almost the same investigation made into the prior title as would have been made if the land were unregistered: when a longer time has elapsed these labours are much lightened, though probably not wholly avoided: finally—after an interval variously estimated by various authorities—a time arrives when, there being no further need to consider in any way the title prior to registration, the owner has practically the equivalent of an Absolute Title. During the transition period, and especially at the beginning, it is probable that the necessity of complying to a certain extent with the requirements of two conflicting systems will cause some inconvenience and even cost, but in the great majority of cases this inconvenience will not really be felt, owing to a new rule made about a year ago, the practical effect of which is that after land has been on the register for six years with possessory title, an absolute title can be granted on mere proof that the original registered proprietor was a *bonâ fide* purchaser on sale, and that he made a proper examination of title under competent legal advice on the occasion. Purchasers do not as a rule sell again within six years of their purchases. Therefore it seems likely that the benefit of the new rule will be obtained by the great majority of those who register possessory titles in compliance with the new Act. So far as I can see, if these persons are well advised, it will be easy for them when they come to sell, to make a considerable net saving on the costs of the double transaction of first registration and subsequent sale. The fees payable by the applicant for absolute title in the County of London are reduced to a special scale, beginning at £2 for £1,000 and under, and thence increasing by £1 for each £1,000 in value, up to a

maximum of £33 for over £31,000. These fees include advertisement, and all other incidental expenses. Having regard to these provisions, it can hardly be said that the maturing of a Possessory into an Absolute Title is made unnecessarily difficult, or indefinitely remote.

Those who contemplate immediate dealings with registered land should make immediate application for absolute, instead of for possessory, title, as, even apart from the six-year rule above referred to, such an application, if made after a purchase, is very simple and inexpensive.

Owing to the somewhat stringent provisions in regard to indefeasible title contained in the first Land Registry Act of 1862, an impression arose, and still to a certain extent prevails, that an application for Absolute Title is unadvisable for an ordinary proprietor, owing to heavy expense likely to be incurred in answering the official requisitions. This impression is not in accord with the present practice of the department—the fact being that where a title has passed through the process of investigation by a purchaser's legal advisers on a sale, it is seldom found necessary to make further official requisitions of a serious nature. The fees, as already stated, are not high, and if the solicitor is instructed to apply for absolute title at the same time as for possessory, the additional cost will be barely perceptible.

On the other hand, there are certain points—not unimportant—in which immediate results are obtained, even on the mere possessory registration. These may be briefly stated as follows:—

Immediate Results of Possessory Registration.

SECURITY.—The first of these is security. In face of the continual recrudescence of crime by the forgery and suppression of deeds—especially in connection with mortgage transactions—it is surely no small advantage to all persons concerned when property is placed under a system in which such things, instead of being extremely easy, are almost impossible, and where, should an attempt prove successful, the victim is compensated for his loss out of a fund specially set apart for that purpose.

(2) **LEASEHOLD TITLES PRACTICALLY ABSOLUTE.**—Next, there is one class of property—namely, long leaseholds registered, immediately on being created, in the name of the original lessee, which are very numerous—in which the full benefit of an absolute title is obtained at once. For all purposes of investigation of title on sale and mortgage a new lease is in the same position as a Crown Grant in a new colony. No purchaser has either the right or the wish to go behind it and examine the lessor's title. Consequently, though nominally “possessory,” these titles are practically “absolute,” and can be dealt with accordingly. Under the Rules of 1893

a new term—"Good Leasehold Title"—has been applied to titles of this sort. Owing to the timely registration before any complications can have occurred, there is no title to investigate outside the register, and never will be. There is no reason why any legal expenses should ever be incurred in regard to sales or mortgages of these properties beyond those already mentioned for absolute title, and, of course, the inland revenue stamps. There are already over 23,000 of such leasehold titles already on the books. Twenty-three thousand properties already enjoying the full benefits of the new system is surely no inconsiderable result to have achieved.

(3) **CLEARNESS.**—Another immediate advantage is clearness. It is no infrequent occurrence, when a sale has been arranged, for the purchaser to find that the description of the property in the vendor's title deeds is either so vague as to give him very little certainty as to what they properly relate to, or that the dimensions or other particulars given do not correspond with the boundaries of the land of which he appears to be in possession, and which he has undertaken to convey.

Registered land, on the other hand, is always described by reference to an exact map—either the ordnance map or a special revision or enlargement of it, made on the applicant's instructions, and compared with the title deeds by the official surveyors, all discoverable points of divergence or doubt being at the same time investigated and cleared up.

(4) **FACILITY FOR TEMPORARY LOANS.**—Another immediate result is the improved facility for giving equitable security for temporary loans by deposit of land certificate, protected by notice on the register. Equitable security, by deposit of title deeds, is capable of no such protection, and instances have occurred where, by various means, holders of these securities on unregistered land have been fraudulently defeated. This feature will be further illustrated presently when I come to deal with bankers' mortgages.

(5) **SHORT FORMS.**—Again, as soon as land is on the register all dealings by way of transfer and charge are made in short, simple, printed forms, to be purchased for a penny at any stationer's, or furnished on request by the Land Registry itself. I have added forms of transfer and charge in an Appendix to this paper.

REGISTRATION OF TITLE IN RELATION TO BANKING.

Turning now to the points of practice which relate more particularly to banking, I suppose I shall not go far wrong in assuming that they centre principally round and about the subject of mortgages, especially temporary mortgages, by deposit of land certificate. There may be other points at which banking may have relations with registration of title, as, for instance, in the

purchase of the land and buildings used for the bank itself, but these arise only occasionally, and are not part of the daily routine. I propose, therefore, to confine the remainder of this paper to the subject of mortgages, though I shall be happy to answer any enquiry on other subjects that anyone present may favour me with in the course of the discussion that is to follow.

Before entering upon the practice under the Land Transfer Acts, it may be well to remind ourselves, briefly, of the practice under the ordinary—or, as I imagine we shall all soon be calling it, the old-fashioned—conveyancing system. We will take temporary mortgages first.

Mortgages by Deposit of Title Deeds.

A customer desires a loan for a short time, and offers, as security, the title deeds of freehold houses and shops in Oxford Street. He produces a bundle of parchments, which the manager cursorily inspects—that is to say, he finds the last conveyance, reads it, so as to see that it purports to vest the property in the applicant, and that the value appears to be sufficient for the proposed purpose. He also looks at the endorsements of the earlier deeds to see that they appear to give a good chain of title for some time past. This inspection may occupy a longer or a shorter period, according to circumstances, it may be compressed into a quarter of an hour, but it may take twenty minutes or much longer, and may even end in the discovery that it is impossible to form even a preliminary idea of the title, or whether it relates to the property proposed to be charged or not, without a careful analysis made by a lawyer. Supposing, however, the preliminary examination is satisfactory, the manager will sometimes accept the security at once on his own responsibility, but more often will say that the matter will be referred to the solicitor, and if his report, which may be expected in a day or two, is satisfactory, the loan will be made. When this is settled the applicant signs a memorandum of charge not usually amounting to an enforceable mortgage, but containing a covenant to execute one if required; the deeds are handed over to the bank, and the customer receives his advance.

The security thus given has the advantages of being concluded within a short space of time—varying from half an hour to two or three days—and, except for the stamp, of costing sometimes nothing at all, and at most only two or three guineas for examination of title. Moreover, as there is usually no conveyance of the estate, it does not, when paid off, require formal discharge, or form part of the future title to the land. It has, however, certain drawbacks. The security is not complete. It is subject to certain risks from fraud—some of them common to all

mortgages, others peculiar to itself. The risks (examples of which drawn from actual cases, are given in my previous paper, already referred to) are as follows:—

1. The land may be already subject to a prior charge, the borrower having regained possession of the title deeds without any culpable negligence on the part of the prior creditor.

2. The land may afterwards be made subject to a completed legal mortgage, which, under certain circumstances, might have priority to the banker's equitable charge.

3. The borrower may only be the owner of a small portion of the land comprised in the deeds, he having sold the rest previously to the charge, without any note or memorandum having been endorsed on the documents.

Frauds of this nature are rare, but they do occasionally occur, and that in cases where the banker has acted advisedly, and has taken every reasonable and practicable precaution under the circumstances, and, what is more, there is no known means, apart from a register, whereby a banker can entirely protect himself from their occurrence.

Mortgages by Deposit of Land Certificate.

I will now describe the corresponding practice where the land is registered under the Land Transfer Acts. I will deal, in the first place, with the case of freehold land, registered with Absolute Title, which is the only complete kind of registration, is easily obtainable at any time, and, moreover, is the state to which all registered titles must advance in the course of a moderate period by the mere operation of time. I will advert later to the variations introduced in the case of possessory title, and leasehold land, and land in course of registration. While on the subject, it appears to me well worth the consideration of a banker, on making an advance, to make it one of the conditions of the continuance of the loan that an absolute title be immediately applied for and obtained within, say, three months of the date. The cost to the customer is now trifling; no title is refused except for reasons which would render the land an unsuitable security for a mortgage; the customer derives a great benefit on the next dealing, and the banker is at once placed in a position of absolute, instead of only relative, security.

1. Where the Land is already Registered with Absolute Title.

To return to the practice. The customer produces to the manager his land certificate. There are very few land certificates which cannot be fully perused in five minutes. The certi-

ificate includes a short verbal description of the property, a plan of it made from the ordnance map (or from a special revision thereof by the land registry surveyors), the name and address of the proprietor, a statement of the value given on the last dealing, and the charges, leases, and other burdens affecting it. There may also be cautions or restrictions, if this is the case, no loan should be made until they are removed or fully enquired into and satisfactorily explained.

Pausing for a moment at this point, I may point out that the manager has already got the equivalent, and more than the equivalent, of every guarantee of security obtainable by inspection and possession of title deeds, and, if he were to make his advance there and then without any further precaution whatever, he would be in every respect in as good a position as he is in under the old system, and in some respects in a better position. That is to say, he would have (apart from fraud on the part of his customer) proof that the latter was entitled to pledge the property for the advance, and, as long as he retains the document, a practical certainty that no subsequent sale or mortgage can take place to his detriment. As regards fraud, he is in a better position. One of the three dangers above mentioned is wholly eliminated, the others are rendered more difficult. It is practically impossible for an owner of registered land to sell part of it without the fact being recorded on the land certificate. The possibility of the creation, under the old system, of concurrent fraudulent charges on the same land, whether before or after the advance, is largely dependent on the facility and security with which title deeds can be forged, duplicated, and otherwise rendered untrustworthy. Land certificates are difficult to counterfeit; they involve the manufacture and use of expensive machinery, the paper has a special watermark, the cover has a large printed design, the seal is impressed with a heavy die. Further, the liability to instant exposure by comparison with the register at any moment would render fraud of this nature far more dangerous than where no such liability exists.

But this does not exhaust the subject. In addition to the improvements already mentioned afforded to the banker, two further precautions can be readily taken, which, in the hands of a man accustomed to business, may fairly be said to reduce the chances of fraud to what is probably the irreducible minimum, namely, personation of the customer himself, and forgery of his signature. These further precautions are (1) to verify the certificate by a search, and (2) to register a notice of the deposit. If the registry is not far off, this can be done by the banker's clerk; if the registry is at a distance, the search can be made by sending a written enquiry and awaiting the answer, or, if time greatly presses, by telegraph (reply and fees prepaid), in which case it

would take the form of a question whether any entry has been made in the register since the date of the issue of the certificate. If the reply is in the negative, the loan will proceed. If otherwise, the matter must await further particulars. Notice of the deposit is registered by merely addressing a letter in a stereotyped form to the registry stating the fact. This has a double operation, by giving notice of the transaction to persons dealing with the land, and by entitling the creditor in case he parts with or loses possession of the certificate, to notice of any attempted registration for which its production would be required.

2. Where the land is already registered with Possessory Title.

The modifications required where the land is already on the register with a possessory title are limited to such investigation as the manager may think necessary under the circumstances in regard to the title prior to the first registration of the land. Dealings subsequent to that are immaterial, unless recorded on the register, and appearing as subsisting entries at the time of the advance. The immense majority of possessory titles now on the register are immediately preceded by a conveyance on sale to the first registered proprietor. Where this is the case it would seldom be necessary to pursue enquiry any further than that deed. The earlier deeds should, however, be handed over and kept together with the land certificate. In many cases the plan on the land certificate will be found a great assistance in interpreting the description of the land contained in the deeds. The necessity imposed by the rules of using the ordnance map in all cases, or a special revision made by the Land Registry, renders it impossible to continue the vague and even incorrect descriptions of land which (in spite of all modern improvements) are still to be found in many deeds, even in conveyances on sale.

Before land can be registered, even with Possessory Title, the description in the deeds is compared by the land registry surveyors, not only with the revised ordnance map, but also with plans of adjoining property and other information as to boundaries, street numbers, and so on, contained in the registry, and all vagueness and inaccuracy has to be cleared up. That this operation is no empty formality may be judged from the fact already stated that, though done entirely at the expense of the department itself, it is found advisable to pay a visit to the ground in the high proportion of one case in every four registrations. Thus it comes to pass that a creditor lending on security of registered land, even where the title is only possessory, usually receives not only a clearer and handier, but also an appreciably better, description of the subject matter of his security than mere title deeds can be relied on to present.

3. *Where the land is not yet registered.—Notice of intended deposit of Land Certificate.*

The case where the land on which the advance is to be made is not as yet registered, but, having been newly purchased, is in course of registration with possessory title, or is shortly intended so to be, presented difficulties for a short time, owing to the fact that at the time when the advance is required the land certificate is not in existence, and the deeds cannot be deposited, because the most important of them, namely, the last conveyance, is, or must shortly be, in the hands of the Land Registry officials, who, if difficulty arises in the registration, may retain it for some considerable time. The necessity of making some provision for this state of things was felt very soon after the commencement of general registration in London, and it became the practice, which practice has since been embodied in the Rules (244 and following), to accept notice of "intended deposit" of land certificates in cases where, for the reason just stated, actual deposit could not be made. The legal effect of this notice is the same as that of a notice of actual deposit: it is entered on the register in the same manner: and the certificate, when issued, is issued to the creditor, and not to the proprietor named in it. Under these circumstances it would seem that an advance can always safely be made at any stage of the registration proceedings, and that it is not necessary in any case to wait for the issue of the certificate itself, or for the return of the other documents from the registry before completing the loan.

Let us consider the various circumstances under which the case may arise. First, suppose the loan is required for the purpose of completing the purchase. In this case, if absolute safety is required, the conveyance should be handed to the banker immediately on its execution, with a notice of intended deposit signed by the borrower. The banker will then himself, at the expense of the borrower, apply for the registration of the land, and at the same time leave the notice of intended deposit of the certificate, and directions that the certificate and conveyance are to be sent to him direct, and not to the proprietor. On the other hand, if the banker is disposed to rely on the applicant's solicitor, he may prefer to leave the deed with the latter, to enable him to apply for registration of the land, and will himself send to the registrar the notice of intended deposit only. In such case, the certificate, when issued, will be sent to the banker. Second, suppose the loan is applied for after the execution of the conveyance, but before application has been made for registration. Here the proceedings will be the same as in the first case. Third, suppose the loan is required while the application for registration is pending in the registry. Here, unless secondary evidence is relied on (which

in many cases would no doubt be thought sufficient) the procedure is not quite so simple or plain, owing to the absence of strict available proof of the borrower's ownership. This can, however, be obtained by a visit to the registry, with the borrower's authority to look at the deed, or, if the registry is at a distance, by applying for the requisite information by post—or telegraph, if need be. In either case, the borrower's notice of intended deposit should be sent to the registry at the same time, the loan not being actually made until receipt of the required information. When these formalities have been observed, the banker is in as secure a position as if he had the certificate actually in his possession, and whatever delay may take place in the actual issue of the certificate, he may rely on its being placed in his hands as soon as it is ready. I may remind you here of what I already stated, that 50 per cent. of the possessory certificates are issued within a week of the application to register: it is only where some special difficulty arises—usually owing to the description of the land being defective—that a longer time than that is taken.

Having thus briefly sketched in the process of creation and registration of a banker's equitable charge, I will turn to consider the exact effect of the charge when made, and of the protective entry of notice.

Legal Effect of a Charge by Deposit of Certificate.

The charge takes effect by virtue of the Act (Land Transfer Act, 1897, sec. 8, last paragraph), which confers on the registered proprietor of the land express statutory power to create a valid charge in this manner; it is subject to prior registered estates, charges, and rights (which would no doubt include rights protected by cautions, restrictions, and other indirect means), but with those exceptions is equivalent to an equitable charge by deposit of title deeds by a beneficial owner in fee simple. This gives the creditor, in some circumstances, a better security than he can obtain under the old law, where his rights would be postponed to prior rights and charges of all descriptions—a concealed settlement, for instance, or a prior mortgage, where the mortgagee has not been guilty of negligence.

In addition to the clearing away of all prior unregistered rights, and the practical check upon subsequent dealings afforded by his retention of the certificate (for no transfer, transmission or charge can be registered without its production and endorsement at the registry), the creditor can obtain for a fee of one shilling the further protection of entering a notice of the deposit on the register, which, in addition to its obvious effect as notice, operates also as a caution (Rule 243), and so entitles the creditor to a fortnight's warning (Rule 229) of any dealing proposed to be registered

without his consent. This, of course, cannot come into operation so long as he retains possession of the certificate, because no dealing can be accepted for registration without it. But it might be a useful safeguard in case the certificate by any accident got into wrong hands, or if an unfair advantage were taken of its delivery to anyone for another purpose. This again is a benefit which the holder of a deposit of deeds does not obtain.

Procedure on Repayment.

When the loan is repaid, the procedure is the same as in the case of unregistered land—the certificate is returned to the borrower, and the memorandum is cancelled. If notice has been entered on the register, the creditor must sign a written request for its withdrawal, or must consent to such a request on the part of the borrower, who will then present the request (or consent), together with the certificate, at the registry. Upon this, the notice will be cancelled, and the certificate will be returned to the proprietor.

Permanent Mortgages by means of Registered Charge.

I have gone at some length into the subject of the charge by deposit, because it is at present, and seems likely for some time to remain, the most usual banker's security. But I should like, while on the subject, to offer a few suggestions in regard to mortgages generally, which arise from a consideration of the altered circumstances that will soon prevail in regard to title to land under the operation of the Land Transfer Acts.

On the occasion to which I have already referred, when I had the honour of addressing this society on the same subject, the late Mr. Murdoch, who was in the chair, spoke of the general attitude of bankers as regards mortgages, and said that, generally speaking, of course, they looked rather shyly upon them—that it was not their custom, if they could prevent it, to lend money on land or houses, and that the well-accepted theory of bankers' loans—that the amount lent should be recoverable without any delay—was certainly against the practice. And he then went on to point out that the result of that was that a customer desiring a loan on the security of a valuable property was, owing to the practical impossibility of ready realisation, almost in a worse position than the holder of debentures or bonds which, even in the case where they might be what are technically termed "rubbish," can always be quickly realised, though perhaps at some sacrifice. This naturally led to the inference that if, by registration of title (or by any other means) a mortgage of land could be not only quickly effected, but also quickly transferred, and quickly realised by sale, bankers would have much more nearly what they want than is the case at

present, and would be much more ready to accept the security of land for permanent investments, and landowners would cease to labour under the disadvantage of being unable to look to their bankers for loans, except for merely temporary purposes. It has ever since then appeared to me that if this view is correct, bankers, as such, might be expected to feel a considerable interest in the question of land registration, as it undoubtedly, when fully established, removes the principal cause—one might almost say the only cause—of that delay in effecting, transferring, and realising mortgages which at present cuts them off from the purview of ordinary banking operations. A mortgage of land registered with absolute title (and all registered land must sooner or later have an absolute title), can be safely and effectually transferred in a few hours or less, and at a cost which is only a small fraction of the cost such an operation entails where the land is unregistered. If the security is to be enforced, a sale can be carried out in the same time, and in a similar way. I have mentioned a few details as to this earlier in this paper. Every registered charge carries with it an implied power of sale. In a sale of registered land, whether by a charge creditor or proprietor, there need be no interval between contract and conveyance. In fact, in a creditor's sale, there need be no contract at all. As soon as the price is agreed upon, the transfer can be effected. The creditor produces his certificate of charge (the land certificate is not required), signs a printed form of transfer in the presence of a witness, and hands over both certificate and transfer to the purchaser in exchange for the purchase money. That is all.

It remains to notice one or two suggestions with which some of your members have been good enough to favour me.

One is that "it would be a very great safeguard and convenience if some measure could be adopted whereby on payment of a small fee to the registry an unregistered equitable charge under seal, containing a power of attorney in favour of a bank's nominees, enabling them on default, and registration to deal with the legal estate under power of sale could be taken with the usual notice (of deposit of land certificate) to the registry, with the option, should the circumstances require it, to have such charge duly registered, but otherwise treated in all respects as an equitable security off the register." I see no reason why the idea underlying this suggestion should not be carried out under the existing rules. We have no machinery, it is true, for registering powers of attorney until they are acted upon, but there is nothing that I know of to prevent the nominees of the bank under such an instrument executing, whenever they choose, in the name of the borrower, instruments of transfer and charge which would be capable of immediate registration, and would confer all estates and rights needed for the full enforcement of the security.

Of course, the instrument would have to be carefully drawn, but I think I shall be able to place in an Appendix to this paper a form which would meet all requirements.

Another point is that if a creditor in order to save fees (an object commanding universal sympathy) adopts the expedient of not registering his charge, but only protecting it by a notice of deposit, and that charge contains a conveyance of the legal estate, it will "require a reconveyance on discharge, and would necessarily form a document of title, and the non-registration would probably be a subject of requisition on subsequent dealings with the property."

This observation appears to me to be perfectly natural, but at the same time due (if I may be allowed to say so) to a somewhat imperfect apprehension of the alteration in principle which registration introduces. We have been accustomed for so long to make, on every dealing, minute and laborious enquiries into the shadowy past, and to ferret out and unravel every knotty point and troublesome question presented by the whole history of the property for the last thirty or forty years, that we cannot at once believe that a system can exist in which something of the same sort does not survive. I trust, therefore, that I may be excused in emphasising the fact that the moment of first registration, whether with absolute or possessory title, marks the beginning of a new era. As regards all dealings subsequent to that moment, the register, *and the register only*, is the criterion of title. As regards such dealings, future purchasers and mortgagees have neither the right to ask for, nor any object in inquiring into conveyances, mortgages, discharges, or other such transactions, whether conveying the legal estate or not, which do not appear as subsisting entries on the register. Consequently, in the case suggested, the unregistered charge and its reconveyance, if any, would not form part of the title, and could not be made the subject of requisition (or at least of a valid requisition) on subsequent dealings.

Another point put to me is so much allied to the last one that I think I may deal with it briefly. It concerns the preservation of evidence of the due reconveyance of the legal estate after a registered charge, with special reference to possessory title. As to this, I can only repeat that whether the title is absolute or possessory makes no difference in this respect. All dealings after first registration are conducted on registry principles, and no evidence of dealings outside the register is ever required—whether they concern the legal estate or not.

The following points have also been mentioned to me as liable to cause confusion :—

1. The absence of any deed of assignment or conveyance, when transferring property in the Land Registry.

2. The necessity for having deeds tracing the title up to the first holder of a Possessory Title.
3. Absence of all deeds in Absolute Titles.
4. Necessity for search and giving notice.

As to the first of these, I assume that what is meant is not that no deed is executed (for a deed is executed), but that no deed is retained by the purchaser, which is the case. This drawback, if it be one, is, I think, more than compensated for by the Land Certificate, which gives the purchaser (as it appears to me) all that a deed gives him, and more, and in a handier and more intelligible form.

The second point, it will be observed, relates to possessory title only. As I have endeavoured to explain, this drawback is temporary only, and can, after six years' registration, be very easily obviated on a dealing, without any increase of expense—in fact, rather the contrary.

As to the third point, I am rather surprised to find the absence of all deeds in Absolute Title quoted as likely to cause confusion. This feature has always appeared to me rather an advantage than otherwise—remembering that the Land Certificate takes their place. I think that when people are accustomed to these certificates they will find little cause to regret the exchange.

The fourth point—the necessity for searching the register and giving notice of deposit of certificate—can hardly, I think, be called a drawback. If the creditor omits both precautions, he still has, it appears to me, the same security that he obtains under the unregistered practice on a deposit of title deeds. He runs a few risks, but they are somewhat remote, and hitherto he has been content, where he knows the borrower well, to incur them. The register enables him, by searching and giving notice, to obtain a certainty and protection which he cannot otherwise obtain in any known way. Both operations, as I have explained, are very simple when one has the Land Certificate before one, and the search can be made by letter or even by telegraph, if desired, at a small cost.

APPENDIX.

Practical Directions and Forms relating to Liens by Deposit of Land Certificate.

1. Creation of the security.
 2. Dealings with the land during the subsistence of the security.
 3. Devolution of the security.
 4. Discharge of the security.
-

1. CREATION OF THE SECURITY. The memorandum of charge will be in the usual form in all cases.

(A) If the borrower is the proprietor or purchaser of a registered estate:—

- (i) Read the Land Certificate.

If prior charges appear on it, communicate with the proprietors of them to ascertain the state of their debts.

If there is a caution or other impediment on dealing, refuse the loan till it is removed or explained.

- (ii) Search the register to see whether any entry has been made since issue of certificate, *e.g.*, a caution, restriction, or inhibition, or prior charge enforced by sale or foreclosure. This can be done personally if the register is near, or through an agent. In either case the written authority of the registered proprietor, or of his solicitor, must be obtained. It may be in any form. There is no fee.

Or, if preferred, an official search can be made: this can be applied for by letter, Form A, fee 5s.; or by telegram, Form B, fee 5s. 6d.

- (iii) Enter notice on register, by letter, in Form C, fee 1s. This should be done at the same time as the search is asked for, so as to preclude any intervening entry being made.

- (iv) If a Possessory Title, also ask for the title deeds prior to the first registered proprietor, and consider them.
- (v) In case of a leasehold title, obtain also the lease, if in the possession of the debtor.
- (B) If the borrower is a purchaser of part of a registered estate, and has not yet obtained his land certificate—
 - (i) Satisfy yourself, by perusal of the transferor's land certificate and of the instrument of transfer, that the borrower is entitled to be registered as proprietor.
 - (ii) As above (A ii).
 - (iii) Enter notice on the register of the intended deposit, Form D. This should be done at the same time as the search.
 - (iv, v) As above (A iv, v). The certificate, when ready, will be sent you.
- (C) If the borrower is a purchaser of unregistered land:—
 - (i) Satisfy yourself, by perusal of title deeds, that the borrower is entitled to be registered as proprietor.
 - (ii) Search the index map to see that there is no adverse registration. This can be done officially if you enclose Form E, Ordnance Survey map, and fee.
 - (iii, iv, v) As above (B iii and A iv, v).

NOTE.

Notice of deposit cannot be registered as to part of the land in a title; but a consent to a dealing with part can be given. On a transfer of part, the notice is deemed to be withdrawn as to the part transferred, unless a fresh notice is given as to the new certificate. Otherwise notice of deposit cannot be withdrawn as to part.

2. DEALINGS DURING THE SUBSISTENCE OF THE SECURITY.

(A) *Transfer of the whole of the land:—*

- (i) If the transfer is to be free from the deposit, hand the certificate to the transferee, together with a withdrawal in Form F.

N.B. A mere consent to the transfer will only cause the transfer to be entered subject to the charge.

- (ii) If the transfer is to be subject to the deposit, send the certificate to the registry, with a consent in Form G, and directions that the certificate is to be used for the purpose of registering the transfer *only* (Rule 268).

(B) *Transfer of part of the land:—*

- (i) If the transfer is to be free from the deposit, and the rest of the land is to remain subject to it, send the certificate to the registry with a withdrawal in Form H.
- (ii) If the deposit is to cease altogether, hand the certificate to the transferee with a withdrawal in Form F.

(C) (i) *Charge (of whole or part) the deposit continuing:* send the certificate to the registry, with a consent in Form I, stating whether or not the charge is to have priority to the deposit.

- (ii) *Ditto, the deposit ceasing:* hand the certificate, and a withdrawal in Form F, to the charge creditor.

(D) *Transmission on death or bankruptcy:—*

As on transfer.

(E) *Procedure on receiving notice of unauthorised dealings:—*

(NOTE.—So long as the creditor retains the certificate, no transfer charge or transmission which he has not authorised (except under or by virtue of a prior registered charge) can be accepted for registration. (Act of 1897, sec. 8, sub-sec. 1.) But if he loses or gives up possession of it, dealings may be accepted for registration which he has not authorised. In such case the creditor receives notice in Form J.)

On receipt of notice of a dealing, the creditor should either oppose the registration as laid down in Rules 230, 231, or consent or withdraw, on the same principles as above stated in the case of authorised dealings.

If, after receiving notice of a dealing he merely allows the time to run out, the notice of deposit will be deemed to be exhausted, and will be cancelled altogether, the certificate being handed on completion to the registered proprietor of the land, or as the case may be.

The only exception to this is where the notice relates to a *transfer of part* of the land, and he allows the time to run out. In this case the dealing is registered free from the deposit, but in other respects the deposit is deemed to be still subsisting.

3. DEVOLUTION OF THE SECURITY.

When the benefit of the security passes from the person who gave the notice to another (as on an amalgamation of a bank with another), an application to alter the name and address, in Form K, signed and attested, accompanied by the certificate and the fee (1s.), should be sent to the registry.

4. DISCHARGE OF THE SECURITY.

When the loan is paid off entirely, hand the certificate and a withdrawal in Form F, to the borrower.

When the loan is partly paid off, no note can be entered on the register.

FORM A. *Application by Letter for Official Search.* (Rule 289.)

To the Registrar of the Land Registry.

Sir

Please to inform (*name and address of intending creditor*) whether any, and if any, what, entry has been made on the register of title No. Parish (*name of property as in Land Certificate*) since the of , the date of the last issue of the Land Certificate.

I enclose 5s. for the fee, and am,

Your obedient Servant,

(*To be signed by the registered proprietor of the land.*)

FORM B. *Same, by telegraph.* (Rules 290, 291.)

Land Registry, London.

Has any entry been made under Title No. Parish since (*date of Land Certificate*) reply to (*name and address of intending creditor*).

(*To be signed with name of the registered proprietor, and to be*

accompanied by 5s. 6d., viz., 5s. for the fee, and 6d. for the telegraphic reply.)

N.B.—The telegram must be framed so as to be answerable by "Yes" or "No." Rule 292.

FORM C. Notice of Deposit.* (Rule 243.)

District

Parish

No.	Title
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To the Registrar of the Land Registry.

Take notice that the Land Certificate of the land above referred to has been deposited with *(name, address, and description of the person with whom the Certificate is deposited)* as security for money.

Dated this day of 190 .
(to be signed by the person giving the notice.)

N.B.—The notice should be given in duplicate: in which case the Registry returns one copy, with receipt acknowledged.

Notice may be given in a firm's name, or through a solicitor or other agent.

FORM D. *Notice of Intended Deposit.** (Rules 244, 245.)

District

Parish

The land known as (name or other short description of the property)

comprised in a Conveyance (Lease, Assignment, or as the case may be) dated the _____ of _____ and made between (names of parties)

To the Registrar, Land Registry.

I, (name, address, and description of borrower)

having applied for registration as proprietor of the above-mentioned property and having lodged in the Land Registry the following documents, viz. :—(*list of documents to be lodged in Registry*)

hereby give you notice that (name, address, and description of creditor)

has advanced to me certain moneys intended to be secured by the Deposit of the Land Certificate when issued. And I hereby request

* Forms C and D can be obtained at the Registry—Forms 75A and B respectively.

Dated this day of 190 .

(To be signed by the borrower.)

Notice may be given in a firm's name, or through a solicitor or other agent.

FORM E. *Application for Official Search of Index Map.*
(Rule 283.)

To the Registrar of the Land Registry.

Please to inform me whether the land shown and tinted pink (or otherwise, as the case may be) on the enclosed plan is registered, or whether there is a caution against its registration.

I enclose 5s. for the fee, and am,

Your obedient Servant,

The plan should be a piece of the ordnance map on the largest scale published. If this does not show the land, some other adequate plan should be enclosed with it, the approximate position on the ordnance map being also indicated.

FORM F. Withdrawal of Notice of Deposit.* (Rule 250.)

District

Parish**No. of Title**

I (name and address of person entered on the register as entitled to notices)

hereby apply to withdraw from the register the notice of deposit
of the accompanying Land Certificate (date)

(To be signed by the applicant)†

* Form F can be obtained at the Land Registry.

† The signature must be personally given—a solicitor or agent cannot sign. The Manager of a Bank may sign for the Bank. When a Branch Office is entitled to notices, the withdrawal may be signed by the Manager either of that Branch or of the Head Office. The signatures need not be attested.

FORM G. *Consent to a Transfer—whole.*

District

Parish

No. of Title

Transfer dated the _____ of _____ from (name of transferor) to (name of transferee)

I hereby consent to the registration of the above-mentioned transfer subject to the lien created by my notice of deposit of Land Certificate*

I enclose the Certificate herewith, which is to be used for the purpose of registering the said transfer only, and is then to be returned to me

(Signature of the person whose name and address is on the register as entitled to notices of dealings, or his solicitor, adding the name and address of the client.—Rule 228.)

FORM H. *Withdrawal of Notice of Deposit as to Transfer of part only.* (Rule 250.)

Follow Form F, adding at the end “so far as relates to the land “shown and edged with red on the plan signed by me and “referred to in the instrument of transfer from (name of transferor) to (name of transferee) of part of the land comprised in “the above title.”

N.B.—This withdrawal can be effected in other ways also, but this appears to be the safest. It is important that the creditor should sign the actual plan to be used for the transfer.

FORM I. *Consent to a Charge, the Deposit continuing.*

District

Parish

No. of Title

Charge dated the _____ of _____ from (name of debtor) to (name of creditor) to secure £ _____

I hereby consent to the registration of the above-mentioned charge, which charge is to have priority (or is to be subject, or is to have priority as regards (part of the land charged) and is to be subject as to the remainder of the said land, or otherwise as

*. If the transfer is to be free from the deposit, a Withdrawal Form (F), should be used instead of this Form.

the case may be) to the lien created (*&c.*, as in FORM G, substituting "charge" for "transfer").

FORM J. *Notice to Creditor of a Dealing.*

LAND REGISTRY.

Land Transfer Acts, 1875 and 1897.

34, Lincoln's Inn Fields,
London, W.C.

District

Parish

No. of Title

NOTICE.—The Notice of Deposit of the Land Certificate above referred to given by you and registered on the day of , 190 , by reason whereof no dealing with the land above referred to can be had on the part of the registered proprietor until notice has been served upon you, will cease to have any effect after the expiration of 14 days next ensuing the date at which this Notice is served, unless an order to the contrary is made by the Registrar.

Dated the day of , 190 .

FORM K. *Application to note Devolution of the Security.*

District

Parish

No. of Title

(date)

Notice of deposit of Land Certificate dated the of in the name of (*name and address of depositor as in register*).

I hereby apply for the alteration of the address in the above notice of deposit to (*new name and address*). I enclose the Land Certificate, which is to be used for this purpose only.

Signed by the said (*name of depositor*), in the presence of (*name, address and description of witness*).

(*Signature of depositor.*)

(*To be signed personally by the existing depositor, and attested by one witness.*)

If the depositor is dead, or for any other reason his signature is not obtainable, proof of title must be given. Fee, 1s.

DISCUSSION ON MR. BRICKDALE'S PAPER.

MR. F. E. STEELE: I had not the pleasure of hearing Mr. Brickdale's first paper read before the Institute, but I have a very clear recollection of the address he gave on the subject of Land Transfer when Mr. Cherry read his paper to us some time ago. I remember it as the clearest exposition of the principles and practice of the Land Registry I have ever come across. On that occasion Mr. Brickdale had with him, as he has to-night, a specimen Land Certificate. At that time none of us were familiar with the document, and it was passed round and surveyed with considerable interest; but since then we have had an opportunity of making the closer acquaintance of documents of this character, and in some instances the result of the closer contact has not been, on the whole, satisfactory. I am not going to discuss the system of land registration in general. I take it we have a far more practical matter before us, and that is, the question of registration as it affects ourselves. So far as I recollect, the argument used on previous occasions to commend a Land Registry to bankers—used, not by Mr. Brickdale, but by other advocates of the system—was that with a system of land transfer we should arrive at a state of affairs under which land would be transferred from one owner to another as easily as Consols, and we thought what a delightful prospect that would be. But we have now had experience of the registry, and although that time may be coming, it seems to be a long way off. I have been trying to account in my own mind for this disparity between anticipation and result, and I think it is due to this fact, that most of the arguments as to the advantages of having a Land Registry, which we have heard in the past have been based, so far as I can make out, upon the advantages of absolute title, whereas it is quite clear, both from what we see in this paper and from what one sees in the ordinary course of business, the absolute titles are extremely scarce. If one could have an absolute title in each case, the whole process of advances against registered land, as well as the process of transfer, would be immensely simplified. But what do we find? If you examine the securities in your own office you will find that an absolute title is a most rare thing. Nine-tenths, or ninety-nine hundredths, of the cases that come before a London banker by way of security are cases of possessory title only. A man brings you his deeds in addition to the certificate, and, owing to the title being possessory only, you have to have them all examined, just as you used before the Registry was initiated. Then there is also the expense which registration involves. It should be said, however, that the formalities in connection with registration have been minimised by the courtesy of the Registrar, who has been too modest to tell us to-night anything on this point, but who, having on a previous occa-

sion expressed his willingness to co-operate with bankers in paving the way for advances against registered property, has freely given his advice to banks, through their solicitors, as to the drawing of the necessary documents, and has devised a form which meets the bankers' purpose as a letter of hypothecation, and at the same time answers the requirements of the Registry. So far, therefore, as the formalities in connection with registration can be economised, they have been economised not only by Mr. Brickdale, but by the other Registry officials. A suggestion has been made in the address under consideration that it would tend to the more general adoption of absolute titles if bankers, in making an advance, would make it a condition that the possessory title must be converted into an absolute title within a given time—say, three months from the time when the advance is granted. I can imagine that that would be a very valuable suggestion, and if it could be carried out, the result would be very satisfactory. But what we have to face in matters of this kind is not what is desirable, but what is practicable, and it is extremely doubtful, in view of the dislike of our clients to formalities which can be avoided, and in view also of the keen competition that prevails amongst ourselves, whether this suggestion can be adopted. I am very much afraid that while conditions are as they are in and around the City of London, the present custom in this respect cannot be altered. Another suggestion is made later on in the paper in dealing with the case of absolute title. After enumerating three of the pit-falls which stand in the way of bankers in making advances against deeds, the lecturer tells us that if an absolute title is taken, one of these three pit-falls is avoided entirely, and the other two partially. If you consider the three conditions you will find that this is so, and I think the system is deserving of credit on that score, though there may be a tendency in the paper to somewhat over-estimate the possibility of land being dealt with to the detriment of the banker subsequent to registration. The greater number of the risks which bankers run in connection with advances against deeds are not in regard to *subsequent* dealings, but with regard to *earlier* dealings. Therefore, although it is, I recognise, a fact that registration has the effect which is claimed for it by the lecturer, the advantage in this particular direction is not a considerable one; the chief risks still remain untouched. It comes back to this, that in lending against deeds, as in other forms of lending, we have to rely, whatever the security may be, to some extent upon the good faith of the borrower, and, fortunately, our confidence is rarely misplaced. I rather gather from a passage which occurs later in the paper that Mr. Brickdale holds the view that if only the transfer of land—the formalities in connection with the transfer of land—can be simplified so that land can be transferred, so far as the legal machinery is concerned, in a short

space of time, much of the existing prejudice or feeling of bankers against deeds as investments or securities would disappear. I do not propose to touch on the question of deeds as investments. That is a matter too remote. But in considering the question of lending against deeds, what makes us look askance at deeds is not the difficulty of transferring the property they represent, but the far greater difficulty of finding a purchaser for them at short notice in case of need. Even when you have found a likely purchaser you have not arrived at the stage at which a reduction of legal formality in the matter of transfer helps you, for the property has to be surveyed and valued, and in some instances the requisitions of a valuer are almost as onerous as those of a solicitor. The difficulty we find in advancing against title deeds is not on the score of the machinery of conveyance. It is rather that it is hard to find a customer in a short space of time, and hard to get all the formalities which precede conveyance properly accomplished. I think the most useful part of this valuable paper, from the standpoint of the practical banker, is that part in which the system of advancing against deeds before the Land Transfer Acts came into force is first detailed, and then contrasted, in detail, with the method in force under the Registry. I should think it would be to the advantage of many a bank to get that part of the paper separately printed and circulated, as much for the benefit of aspirants to managership as for the guidance of existing managers, who are, of course, becoming accustomed to the Registry routine.

MR. F. STRAKER: When I came here this evening I did not expect that I should be formally called upon to join in the discussion. I have certainly made a few notes while Mr. Brickdale was reading his paper, but Mr. Steele's comments have been so ample that I find he has largely cut the ground from under me. I most heartily join with him in thanking Mr. Brickdale for the very lucid way in which he has put this matter before us; but I cannot quite agree with all that Mr. Steele has said as to the actual working of the registration system. Individual managers, no doubt, find some difficulty in dealing with all the technicalities which have to do with the present system of Land Registry, but, on the whole, in our institution, we have been surprised at the ease with which all our transactions have gone through, and all difficulties settled. Of course, we all know there is a little more work now than in the past, but we assume we have greater security, and we regard the present as a transitional stage, and hope that when we have advanced some few years into the future, we shall reap the benefits of the trouble to which we are now put. I entirely agree with Mr. Steele on another matter, and shall be glad if Mr. Brickdale will give us his opinion as to it. The matter I allude to is the singular rarity of absolute titles; of some

thousands of titles with which we have had to deal, the only ones that are "absolute" are those relating to properties outside the metropolitan area—I do not think we have dealt with one instance of an "absolute" title in the metropolitan area. This is a curious circumstance, and I should like to hear a solution of it. I think the only other suggestion I have to make is one that has been made to me, that is, that it would be of great advantage if all "charges" or "notices" put on the Register were also endorsed on the Land Certificates; in other words, that it should be obligatory on the part of the Registrar not to make any "note," any "caution" or "charge" in the Register without having the Land Certificate produced, and endorsing the same thereon. Then the Land Certificate would show the exact position of affairs at once, and we should know exactly what our customers have to offer as security, whereas at present the position of affairs is not quite clear. There is the question that possibly customers would not like to have notices showing on their certificates, but at the same time, as the Register is open to inspection, I do not think there would be much objection on that score, and undoubtedly, as bankers, I think we should find it of advantage to all. I will conclude by again thanking Mr. Brickdale for the assistance which his paper will afford us in our daily work.

MR. BRICKDALE: I am very much obliged to Mr. Steele and Mr. Straker for the kind way in which they have spoken of my paper, and also, in the name of the department, for the kind way they have spoken of the attention they have received in the Land Registry. I have only to answer one or two questions or queries that have been raised. I quite agree with the speaker who regarded absolute title as the real thing. That is what we are all tending to, although it is not now the commonest thing, it is what we claim as the normal thing. Possessory title is a transitional matter, which is liable to certain drawbacks. We are doing our best to make these drawbacks as small as possible. As long as the title remains possessory, it is, no doubt, necessary to consider, to a certain extent, the history of the property prior to its original entry on the register, but that is a fault which every year is tending to cure, and at the end of a certain time, whether actually so entered or not, every title on the register will be practically absolute. As to the dangers of frauds in the case of mortgages by depositor's certificate, Mr. Steele pointed out that the dangers of subsequent frauds were not great, but the dangers of previous frauds were pressing. From this I suppose he was alluding to possessory registration only, because that is the only case in which there can be any danger from previous frauds. As soon as the titles have all grown to what I venture to call their normal state—that is, have become absolute, or practically so, the dangers from previous frauds will entirely disappear. Then

as to the remarks of Mr. Steele on my suggestion as to the possibility of mortgages becoming more popular with bankers for general investment owing to the ready transferability of registered land, I was thinking perhaps rather more of the ready transferability of the mortgage or charge than of its ready realisation. Realisation too is assisted by the register, although, no doubt, the difficulty of finding a buyer is not removed. But I should imagine that if a charge can be readily transferred in the form of a charge, that, in itself, renders it to a certain extent a more liquid security than it is at present. As to the question why there are so few absolute titles, I think the reason is that the great majority of people who deal with the land registry only desire to do the minimum necessary to secure their position, and they do not reflect very much about the future, and they do not enquire or consider—or, at any rate, until it is too late to do it with advantage—whether a better thing cannot be obtained for a comparatively small additional expenditure. Our efforts have been very much directed towards facilitating and cheapening the process of obtaining absolute title, and under the rules issued about a year ago—the present rules—it has been reduced to this, putting it broadly (as regards the County of London), that if the purchaser of unregistered land, or of land registered with a possessory title only, makes up his mind that he will apply for an absolute title, and instructs his solicitor to apply for it at once, at the same time as he applies for the registration of the conveyance or transfer, he can, in practically every case, unless he knows of a distinct flaw, or has a real doubt as to the soundness of his title, rely upon getting an absolute title at an additional expense which is almost inappreciable. The land registry fee is according to the value, and there are no extra charges. Here are a few specimens: Up to £1,000 value, £2; at £5,000, £6; at £20,000, £21; the highest fee is £33, for values over £31,000. Well, for an expenditure of that kind, if taken at the right time, he can get an absolute title very reasonably, and very easily, and I very much wish that the purchasers of land could be got to think about it. But it is difficult to get them to do so. We send every purchaser of land a circular informing him of it, and since we have taken that course the number of applications for absolute titles have increased proportionately, but the fact remains as stated by Mr. Straker, that in London, where the greater number of registered titles have been compulsorily registered during the last few years, they are nearly all possessory. I have, however, hopes that as the public get to understand the offer we are making with regard to absolute titles, we shall get a larger number of applications. As to Mr. Straker's suggestion that all notes should be entered on the land certificate, the only difficulty (but I think it is an in-

superable one) is this, that you must have some power of enabling an adverse claimant to place a warning note on the register should he require it. There must be some power for a stop order or distringas to be put on by a person who is hostile to the proprietor, and has no control over the land certificate. Mr. Straker observed incidentally that he thought that the register was open to inspection. If he meant by that inspection by the public generally, he was not quite correct. The register is not open to general inspection, it can only be inspected by the registered proprietor himself, or his solicitor, or by any other person who has their written consent. I think I have nothing further to say, but to thank you for the attention you have given to the paper.

THE CHAIRMAN (Mr. D. G. H. Pollock): In asking you to pass a very cordial vote of thanks, which I know you will do, to Mr. Brickdale, I can only say this—I have never had so clear and lucid a statement on the subject of Land Registration as I have had to-night. Of course, what Mr. Steele says is perfectly true, that bankers' securities are primarily not deeds, that is to say, they prefer paper to parchments; everything that will facilitate and guide us in lending upon these—we all have to do it; there is no use pretending we do not, for we do—I say, though we prefer another class of security, very naturally and properly, because it is so much more liquid, still, at the same time, the course that facilitates carrying out properly, shortly, succinctly, and cheaply the registration of a security of land, is a very desirable thing. I think we are very much indebted for the paper we have heard read to us to-night, and I am sure you will join with me in cordially voting our thanks to Mr. Brickdale for coming here to read that paper.

LOCAL GOVERNMENT AUTHORITIES AND THEIR RELATIONS WITH BANKERS.

By E. J. NALDRETT, Esq., Barrister-at-Law.

LECTURE IV.

(Delivered before the Institute, Wednesday, December 14th, 1904.)*

THE following is a summary of the facts and of the provisions of Statutes and Orders which formed the subject of Lecture IV.

Guardians of the Poor.

The local authority for the administration of the Poor Law is the board of guardians. The area under the jurisdiction of a board of guardians is known as a Poor Law union. The present unions came into existence under the provisions of the Poor Law Amendment Act, 1834 (4 and 5 Wm. IV, c. 76).

The union usually comprises a number of parishes grouped together. Many single parishes have, however, been constituted "unions" under separate boards of guardians. A Poor Law Commission, having extensive powers of management and control, was established under the Act of 1834. The Commissioners were subsequently styled the "Poor Law Board," but they were superseded by the Local Government Board, which was established in 1871 (34 & 35 Vict., c. 70). In pursuance of statutory authority, many orders have been issued by the Poor Law Commissioners, Poor Law Board, and the Local Government Board with reference to the administration of the Poor Law, and which deal (*inter alia*) with the duties and proceedings of guardians, their financial arrangements, and the appointment and duties of officers, including a treasurer.

The constitution of the board of guardians was altered by the Local Government Act, 1894. The provisions of that Statute are still in operation. In a few places guardians, under local Acts, have the management of and relief of the poor.

Qualification of Guardians.

A person is not qualified to be elected or to be a guardian for a Poor Law union unless he is a parochial elector of some parish within the union, or has, during the whole of the twelve months preceding the election, resided in the union, or, in the case of a

* And at Liverpool, Monday, December 19th, 1904.

guardian for a parish within a borough, is qualified to be elected a councillor for that borough, and no person is disqualified by sex or marriage for being a guardian (56 & 57 Vict., c. 73, s. 20 (2)).

Election—Parochial Electors.

The parochial electors of a parish elect the guardians for that parish (s. 20 (3)). The parochial electors are the persons whose names appear in the parliamentary register of electors relating to the parish (s. 2 (1)). Each elector may give one vote and no more for each of any number of persons not exceeding the number to be elected (s. 20 (4)).

Mode of Election.

The election is by ballot (s. 48 (3)), and is to be conducted according to rules framed by the Local Government Board (s. 20 (5)). The General Order of the Local Government Board now in force is dated the 1st January, 1898.

Term of Office—Retirement.

The term of office of a guardian is three years, and one-third, as nearly as may be, of the board are to go out of office on the fifteenth day of April in each year. The County Council, on the application of the board of guardians, may provide for the simultaneous retirement of the whole of the guardians on the 15th day of April in every third year (s. 20 (6)).

Chairman and Vice-Chairman—Additional Guardians—Rural District Councillors also Guardians.

A board of guardians may elect a chairman or vice-chairman, or both, and not more than two other persons from outside their own body, but from persons qualified to be guardians of the Union. Any person so elected is to be an additional guardian and member of the board (s. 20 (7), 59 (2)). The district councillors for any parish or other area in a rural district are to be the representatives of that parish or area on the board of guardians, and when acting in that capacity are deemed to be guardians of the poor (s. 24 (3)).

Number.

The County Council may, from time to time, by order, fix or alter the number of guardians for each parish (s. 60).

Disqualification.

The provisions of s. 46 of the Local Government Act, 1894, as to the disqualification for being elected or being a member or chairman of a board of guardians, and as to permitted interests

in contracts are identical with those which have been referred to as applicable to a member or chairman of an urban or rural district council, and are not therefore repeated here.

*Annual Meeting—Proceedings at Meetings—Quorum of Members
—Chairman—Minutes of Proceedings.*

The provisions of s. 199 of the Public Health Act, 1875, and Part I, Schedule I, of that Act, which relate to meetings and proceedings of local boards, except that the chairman may be elected from outside the guardians, are made applicable to boards of guardians (s. 59 (1)). These have already been referred to in connection with Urban District Councils, and need not be fully set out here.

The power of the Local Government Board to issue orders under the Poor Law Acts as to the proceedings of guardians is not taken away (s. 59 (4)).

It will be remembered that the authority is to hold an annual meeting, and other meetings for the transaction of business, at least once in each month, and at such other times as may be necessary for properly executing their powers and duties (38 & 39 Vict., c. 55, s. 199, Sched. I, r. 10). They may make regulations with respect to their meetings, and the transaction and management of their business. No business is to be transacted unless at least one-third of the full number of members be present thereat, but in no case is a larger quorum than seven members to be required (Sched. I, r. 3). Every question at a meeting is to be decided by a majority of votes of the members present and voting on the question (r. 7). The Chairman has a casting vote (r. 8). Minutes are to be kept of the proceedings at meetings, and they should contain a record of the voting (rr. 6 & 10). When a meeting is required to be summoned by notice, it should be served on every member, as a failure in this respect may render the meeting invalid (*Dobson v. Fussey*, 7 Bing, 305).

Incorporation.

The guardians are a corporation, and are called "The Guardians of the Poor of the ——— Union (or, of the parish of "———), in the county of ———," and, as such, they may accept, take and hold, for the benefit of the union or parish, any buildings, lands, or hereditaments, goods, effects, or other property, and may use a Common Seal; and, by that name, they may bring actions, prefer indictments, and sue and be sued, and take or resist all other proceedings for, or in relation to, any such property, or any bonds, contracts, securities, or instruments, given, or to be given to them in virtue of their office (5 & 6 Wm. IV, c. 69, s. 7, & 5 & 6 Vict. c. 57, s. 16).

Treasurer—Appointment of.

The guardians, whenever it may be requisite, or, whenever a vacancy may occur, are to appoint a fit person to hold the office of "Treasurer to the Union," to perform the duties assigned to him (Art. 153, General Consolidation Order (Unions), 24th July, 1847). He is to perform such duties as may be required of him by the rules and regulations of the Commissioners in force at the time, together with all such other duties conformable with the nature of his office, as the guardians may lawfully require him to perform (Art. 154).

He is to be appointed by a majority of the guardians present at a meeting of the board. The appointment is to be reported to the Local Government Board by the clerk (Art. 155).

The appointment is not to be made unless notice that the question of making such appointment will be brought before the board, has been given, and entered on the minutes, at one of the two ordinary meetings of the board next preceding the meeting at which the appointment is made, or unless an advertisement, giving notice of the consideration of such appointment, shall have appeared in some public paper by the direction of the guardians, at least seven days before the day on which such appointment is made (Art. 156). The appointment should be evidenced by an entry of a resolution on the subject in the minutes, and this may be sufficient to warrant an officer acting in his office. The guardians, however, cannot be sued upon the contract of hiring if that is not under seal (*Dyte v. St. Pancras Guardians* of) 27 L.T. (N.S.), 342).

No person is to hold the office of treasurer under the Order who has not reached the age of twenty-one years. This provision may be dispensed with by the guardians, with the consent of the Local Government Board (Art. 166). It is doubtful, however, whether this requirement can be safely dispensed with in the case of a treasurer, having regard to the decision in "*Claridge v. Evelyn*," 5 B. & Ald., 81, that an infant cannot hold an office of public and pecuniary trust.

The guardians are to pay to an officer holding office under the Order such salary or remuneration as the Local Government Board may, from time to time, direct or approve. The guardians, with the approval of that authority, may pay to any officer a reasonable compensation on account of extraordinary services, or other unforeseen circumstances, connected with the duties of such officer, or the necessities of the Union (Art. 172). If no remuneration or salary be expressly assigned to the treasurer, the profit arising from the use of the money from time to time left in his hands is to be deemed to be the payment of his services (Art. 174).

A treasurer is to continue to hold his office until he die or resign, or be removed by the Local Government Board. Under Section 2 of the Poor Law Officers' Superannuation Act, 1896, the guardians may require any officer to retire who has attained the age of 65, if the guardians think it would be expedient in the interests of public service that he should cease to hold his office.

Treasurer—Disqualifications—Duties.

It is provided that no person, during the time for which he may serve or hold the office of assistant overseer of any parish, nor any paid officer engaged in the administration of the laws for the relief of the poor, nor any person who, having been a paid officer, shall have been dismissed within five years previously from such office under the provisions of 4 & 5 Wm. IV, c. 76, s. 48, is to be capable of serving as a guardian; and no person receiving any fixed salary or emolument from the poor rates in any parish or union, is to be capable of serving as a guardian in such parish or union. The treasurer of a board of guardians may not serve as a guardian, either in the union for which he is treasurer, or in any other union or parish (5 & 6 Vict., c. 57, s. 14). The following are the duties of the treasurer of a union:—

1. To receive all moneys tendered to be paid to the guardians, and to place the same to their credit (Art. 203 (1)).

2. To pay out of moneys, for the time being in his hands, belonging to the guardians, all orders for money which shall be drawn upon him, in conformity with Art. 84, when the same shall be presented at the house or usual place of business of the treasurer, and within the usual hours of business (Art. 203 (2)).

3. To keep an account, under the proper dates, of all moneys received and paid by him as such treasurer, to balance the same at Lady Day and Michaelmas in every year, and to render an account of such moneys to the guardians when required by them to do so (Art. 203 (3)).

4. Whenever there are not funds belonging to the guardians in his hands as treasurer of the union, to report in writing the fact of such deficiency to the Local Government Board (Art. 203 (4)). This clause is introduced for the purpose of enabling the Local Government Board to warn the guardians of their duty, in case they should have failed to obtain the requisite supplies of money from the overseers. It is also desirable that, when funds are low, the treasurer should communicate the fact to the guardians.

5. To submit a proper account, together with the bonds of any officers which may be in his custody, to the auditors at the place of audit, and at the time and in such manner as may be required by the regulations of the Local Government Board (Art. 203 (5)).

6. To receive the moneys payable to him as treasurer of the union, under any Act of Parliament or other authority of law (Art. 203 (6)). These regulations are not applicable to cases in which the Governor and Company of the Bank of England may act as treasurer to the union, or bankers to the guardians (Art. 204).

Treasurer's Book.

The treasurer is to keep punctually and accurately a book according to the form set forth in Sched. D, in which is to be entered an account of all moneys received and paid by him on account of the guardians. He is to balance this account quarterly, and is to cause the book to be laid before the board of guardians once every month, or oftener, if required by the said guardians to do so, and before the auditor at the time of the audit (General Order for Accounts, Jan. 14th, 1867, Art. 18).

It is a common practice for the guardians to appoint one member of a banking firm to be their treasurer, and the moneys are paid into, and drawn out of, the bank of which he is a member. In such a case the account contained in the treasurer's pass-book ought not to be headed "The Guardians of the ——" "Union in account with ——" (*i.e.*, the banking firm of which the treasurer is a member). The treasurer's pass-book should purport to be what it really is, that is to say, an account between the guardians and their treasurer, and not an account between the guardians and any other persons.

The treasurer is an officer of the union, and the relation existing between him and any banking firm of which he is a member is not a matter of which the guardians can take notice in their transactions with him. The orders for payments which the guardians make from time to time must be made upon the treasurer personally; and the accounts of receipts and payments which he is required to render should purport to be (as it is in fact) his individual or personal account in his capacity as treasurer. The treasurer's pass-book should therefore be headed thus: — "A. B., Treasurer of the ——— Union, in account with the Guardians of that Union." Otherwise there might be a difficulty in reference to the liability of the treasurer's sureties, in the event of its becoming necessary to put his bond in suit (see "*Mills v. Alderbury Union* (1849), 3 Exch., 590; 11, Off Cir., 94).

All accounts of the union, and of the officers of the union, are to be closed at the end of every half-year, that is to say, up to the twenty-fifth day of March, and the twenty-ninth day of September in each year inclusively, when such days occur at the end of the week, established by the practice of the union, and at other times at the end of such week first completed next after such days respectively (General Order, 14th Jan., 1867, Art. 27).

Security.

A treasurer is required to give security for the due and faithful performance of the duties of the office, either by means of a bond with two sufficient sureties (General Order, 24th July, 1847, Art. 184), or, if the guardians think fit, the guarantee of any company or association undertaking to guarantee the good conduct of the officer (General Order, 21st Jan., 1871), subject, formerly, to the qualification that the form of security must have received the approval of the Poor Law Board or the Local Government Board (General Order, 2nd Feb., 1872, Art. 1). The requirement as to the guarantee being in an approved form has ceased to have effect (General Order, 29th Oct., 1903, Art. 2). The guardians may, with the consent of the Local Government Board, dispense with any security in the case of any banking firm acting as treasurer, or, in the case of the treasurer being a banker or partner of such firm. The practice appears to be to dispense with security only when the Bank of England acts as treasurer.

Orders for Payment.

The guardians are to pay every sum greater than five pounds by an order which is to be drawn upon the treasurer of the union, and is to be signed by the presiding chairman and two other guardians, at a meeting, and is to be countersigned by the clerk (General Order, 24th July, 1847, Art. 84). By a General Order, dated 7th April, 1857, the following form was prescribed for every order to be drawn by guardians on their treasurer :—

		Date
		Place of meeting
To A. B., Treasurer of the Guardians of the Poor of the		
Union (parish or township)		in the County of
at		
pay to C. D. or order the sum		pounds
		shillings and
		pence,
and charge the same to the account of the said Guardians.		
Signed	Presiding Chairman.	
	{ Guardians of the Poor	
	{ of the said Union	
	{ (parish or township).	
Countersigned by	{ Clerk to the said	
	{ Guardians.	

N.B.—The Guardians request that this order may be presented for payment within fourteen days from the date hereof to the Treasurer, at his house or usual place of business, and within the usual hours of business.

An order drawn in this form is a bill of exchange within the meaning of Section 3 of the Bills of Exchange Act, 1882 (45 & 46 Vict., c. 61), notwithstanding the direction contained in it to charge the sum payable to the account of the guardians, *re* "*Boyse, Crofton v. Crofton*" (1886), 33, C. D., 612.

These orders are exempt from stamp duty (4 & 5 Wm. IV, c. 76, s. 86), and the Stamp Act, 1891, Art. 2, orders the treasurer of the guardians to pay out of the moneys for the time being in his hands belonging to them, all orders for money which should be drawn upon him in the above form, when the same should be presented at his house or usual place of business, and within the usual hours of business. With regard to the payment by the treasurer of forged, altered, or cancelled orders, if he has been led to pay any such order by the negligence of the guardians or their clerk, and has not himself been guilty of negligence, he can recover the money so paid from the guardians, or debit them with it in his account, and the loss does not fall upon him; as, for instance, if the clerk draws the orders, either carelessly or fraudulently, in such a way that larger sums than those originally inserted can be filled in by the holder, before presentation for payment, and after signature by the guardians, and without the alteration being an apparent fraud on the face of the order: "*Halifax Union Guardians v. Wheelwright*" (1875), L. R. 10, Ex., 183; 44 L. J., Ex. 121; 32 L. T. (N.S.), 802; 23 W. R., 704; 39 J. P., 823.

The same case shows that if the guardians choose to employ a banker as their treasurer, he will have the benefit of Section 19 of the Stamp Act, 1853 (16 & 17 Vict., c. 59), and Section 60 of the Bills of Exchange Act, 1882 (45 & 46 Vict., c. 61), by reason of his being a banker, and if he pays a genuine order held under a forged or unauthorised endorsement, will be able to recover the money so paid from the guardians, or debit them with it in his account, but a banker has not the like privilege in the case of the forgery of the signatures of the guardians themselves.

In some of the Metropolitan unions and parishes the regulations and form prescribed have been modified so as to allow of the order on the treasurer being signed by three guardians instead of by the presiding chairman and two guardians.

Every Order issued by the Poor Law Commissioners, the Poor Law Boards, or by the Local Government Board, prescribing a form of order to be drawn by the Poor Law Authority upon their treasurer for the payment of money is, where the Poor Law Authority by a resolution so determine, to have effect as if any

request that an order drawn upon the treasurer might be presented *to the treasurer at his house*, were omitted from the said form (General Order, 28th November, 1903, Art. 3 (1)).

Where the treasurer of the Poor Law Authority is a banker, that is, a member of a partnership firm, or the director of a joint stock company carrying on the business of banking, or a person in the service or employment of a banker, and the Poor Law Authority consent, any person in the service or employment of the treasurer in his capacity of banker, and any other person in the service or employment of the banker in whose service or employment the treasurer is, may, on behalf of the treasurer, in any establishment wherein the banking business is carried on, give a receipt for money paid to the treasurer, or endorse any cheque or order payable to the order of the treasurer.

Before the treasurer of the Poor Law Authority and the Poor Law Authority act in pursuance of this provision—

(a) The treasurer is to furnish the Poor Law Authority with a sufficient undertaking binding him for all purposes incidental to, connected with, or consequent upon his relations with the Poor Law Authority, or his duties under the provisions of the Acts relating to the relief of the poor, or of any rules, orders, or regulations made thereunder, or his liability in pursuance of the aforesaid provisions or otherwise to account to the Poor Law Authority or the District Auditor, to accept and discharge the obligation of indemnifying the Poor Law Authority in respect of any loss caused by or arising out of the acts or defaults of any person employed to exercise or perform any powers or duties of the treasurer in pursuance of this provision, and

(b) The Poor Law Authority are to satisfy themselves that the bond or other security already given by the treasurer for his good conduct, or, if that bond or security be insufficient, that a bond or security to be forthwith given by him will have effect as a sufficient guarantee that the Poor Law Authority shall be fully secured against loss caused by or arising out of the act or default of any person employed to exercise or perform any powers or duties of the treasurer in pursuance of the foregoing provision (General Order, 28th November, 1903, Art. 4).

Common Fund.

The several parishes included in a union are to contribute and be assessed to a common fund for providing any workhouse or other place for the reception and relief of the poor of such parishes, and for any other authorised expense in connection with Poor Law relief incurred for the common use or benefit, or on the common account of such parishes (4 & 5 Wm. IV, c. 76, s. 28, & 28 & 29 Vict., c. 79, s. 1). The parishes contribute in

proportion to the annual rateable value of the lands, tenements, and hereditaments therein, respectively (24 & 25 Vict., c. 55, s. 9).

Contributions by Parishes.

The guardians are to make orders on the overseers or other proper authorities of every parish in the union, half-yearly, and, from time to time, as occasion may arise, for the payment of such sums as may be required, as the contribution of the parish to the common fund of the union, and for any other expenses separately chargeable by the guardians on the parish.

In such orders the contributions are to be directed to be paid in one sum, or by instalments, on days to be specified in such orders (General Order, 26th Feb., 1866, Art. 2).

The overseers provide the money from the poor rates of the parish. The prescribed form of order directs the overseers to pay the amounts to the treasurer of the guardians and to take his receipt (General Order, 22nd April, 1842, Art. 5 (2)).

By the Payment of Debts Act, 1859 (22 & 23 Vict., c. 49, s. 1), it is provided that any debt, claim, or demand, which may, after the passing of that Act, be lawfully incurred by, or become due from, the guardians of any union or parish, or the board of management of any school or asylum district, is to be paid within the half-year in which the same shall have been incurred or become due, or within three months after the expiration of such half-year, but not afterwards, the commencement of such half-year to be reckoned from the time when the last half-year's account shall, or ought to, have been closed, according to the Order of the Local Government Board.

The Local Government Board may, if they see fit, extend the time within which such payment is to be made, for a period not exceeding twelve months after the date of such debt, claim, or demand. A creditor of the guardians cannot therefore recover in an action commenced after the expiration of the said periods.

Audit.

The General Order for Accounts, dated 14th January, 1867, contains many provisions as to the audit of the union accounts (Arts. 38-55).

The auditor is to audit the accounts of the union, and of the parishes comprised therein, once in every half-year, as soon as may be, after the 25th of March and the 29th of September respectively. An extraordinary audit may be held at any time (Art. 38). The officers of the union are to attend at the time and place appointed for the audit of their accounts, and to submit all books, documents, etc., relating to them (Art. 40). The auditor is to ascertain whether all sums received, or which ought to be

received, are brought into account, to examine whether the expenditure is, in all cases, such as might be lawfully made, to reduce such payments and charges as are exorbitant, to surcharge moneys not duly accounted for, or lost by negligence, upon the person who ought to account, or whose negligence caused the loss, and to disallow such payments as are contrary to law (Art. 41).

The auditor, when he disallows any payment or surcharges any sum upon any persons, is to declare the ground of his decision in writing, if required, by the person aggrieved, to do so (Art. 42).

The auditor is to receive any objection made by a ratepayer or any person aggrieved, against the accounts, or any item or charge therein, and he is to examine into the merits of such objection, and make a decision thereon, and state the grounds thereof (Art. 46).

An appeal lies from any allowance, disallowance, or surcharge by the auditor, either directly to the King's Bench Division of the High Court of Justice, by writ of *certiorari*, or to the Local Government Board (7 & 8 Vict., c. 101, ss. 35 & 36).

It may be useful to note that the Local Government Board have issued instructions as to the mode of appealing to them, dated July, 1899.

The General Order of the 28th April, 1890, applying to non-Metropolitan unions, prescribes the form of financial statement required to be submitted to the District Auditor at the conclusion of every half-yearly audit, in accordance with the provisions of Section 3 of the District Auditors Act, 1879. The Order also prescribes a form for a yearly return as to the loans obtained by the guardians, which is to be produced to the District Auditor at the Lady Day audit in each year.

Borrowing Powers.

It is provided by the Poor Law Act, 1889 (52 & 53 Vict. c. 56), that the guardians of any union may, with the sanction of the Local Government Board, borrow for the purpose of raising the expenses incurred, or proposed to be incurred, for any permanent work or object, or any other thing, the costs of which ought, in the opinion of the Local Government Board, to be spread over a term of years (s. 2 (1)).

Limit.

A loan is not to be of such amount as exceeds, or will make the total debt of the guardians, under the Acts relating to the relief of the poor, exceed, one-fourth of the total annual rateable value of the union (s. 2 (2)).

The Local Government Board may, by Provisional Order, extend the maximum to double this amount (s. 2 (3)). The unapplied balance, of any loan, raised by any guardians, may, with

the consent of the Local Government Board, be applied for any purpose for which a loan can be raised under the Act by the guardians (s. 2 (4)).

Managers of School Districts.

The foregoing provisions are to apply to the managers of any school district, as if they were guardians, but with the qualification that the limit of indebtedness is to be one-sixteenth, instead of one-fourth, of the annual rateable value of the Union (s. 2 (5)).

The Poor Law Act, 1897, (60 & 61 Vict., c. 29), repealed earlier enactments relating to the repayment of loans, and provided, that a loan raised after the passing of that Act should be repaid within such period not exceeding 60 years, as the guardians or managers, with the sanction of the Local Government Board, might determine, either by equal yearly or half-yearly instalments of principal, or principal and interest, or by means of a sinking fund (s. 1). The sinking fund is to be set apart, invested, and applied in accordance with the Local Loans Act, 1875, and the amending Acts, and for the purposes of such application the prescribed rate is to be three per cent. per annum. The guardians may not invest in their own securities (s. 1 (2)).

Where any such loan has been contracted to be repaid by annual instalments, it may, with the consent of the lenders, be repaid by half-yearly instalments (s. 1 (3)).

Guardians may borrow money without the consent of the Local Government Board, for the purpose of repaying any outstanding part of any loan, borrowed either before or after the passing of the Poor Law Act, 1889, which they have power to repay (s. 1 (4)). This provision does not enable guardians to pay off a loan which they have contracted at an earlier date or in any other manner than is provided by the contract, except with the consent of the lender. "*West Derby Union v. Metropolitan Assurance Society*" (1897), A. C., 647.

Any money so borrowed is to be repaid in the manner directed by the Act, and within the same period as that originally sanctioned for the repayment of the loan, unless the Local Government Board consent to the period being enlarged, but that period is not to exceed 60 years from the date of the original borrowing (s. 1 (5)).

The foregoing provisions with respect to loans by guardians apply to the borrowing by boards of guardians in the Metropolis, under the Metropolitan Poor Act, 1867, but to the extent of one-tenth of the rateable value of the district, instead of one-fourth of the rateable value of the union (s. 2).

Security.

Loans under Section 2 of the Act of 1889 are to be made on the like security as loans under previous existing enactments (52 and 53 Vict., c. 56, s. 2 (6)).

The overseers or guardians were empowered to charge the future poor rates of the parish or union for securing the repayment of any moneys which might be borrowed for building, etc., workhouses (4 & 5 Wm. IV, c. 76, s. 24).

The Public Works Loan Commissioners may lend money to guardians upon the security of the poor rate, for the purposes of workhouses, and any work for which guardians of the poor are authorised to borrow under the general Acts relating to the relief of the poor (4 & 5 Wm. IV, c. 76, s. 63 & 38 & 39 Vict., c. 89, Sched. I). It is, however, provided by the Union Loans Act, 1869 (32 & 33 Vict., c. 45), where any moneys borrowed before the passing of the Act, and since the 25th of March, 1862, by the guardians of any union, with the consent of the Poor Law Board, were owing by such guardians on the 29th September, 1869, and where any moneys are borrowed by the guardians of any union, with the consent of the Poor Law (now Local Government Board), after the passing of the Act, such moneys, with the interest thereon, are, from the last-named date, to be a charge upon, and to be paid out of, the common fund of such union. The form of the security is prescribed.

The security for money borrowed may be made according to the form, or as near thereto as circumstances of the case will permit, prescribed by s. 6 of the Act.

Register of Securities.

The guardians, or managers, as the case may be, are to keep a register of the securities in respect of all sums borrowed by them, in such form and subject to such regulations as to inspection or otherwise, as the Local Government Board may, from time to time, prescribe (45 & 46 Vict., c. 58, s. 14). The form of register is prescribed by General Order, dated 7th December, 1882, and Art. 8 provides that the clerk is to allow the register to be open at all reasonable times to the inspection of any guardian or manager. They may take copies or extracts of entries without payment.

It appears that Metropolitan guardians, in addition to the ordinary powers, may, under the provisions of the Annual Money Bill of the London County Council, borrow from that authority.

SCHEDULE D.

_____ UNION.

Account of Receipts and Payments on behalf of the Guardians of the
Union for the half-year ended _____ day of _____ 19____

_____ Treasurer.

RECEIPTS.						PAYMENTS.					
Date.	From whom.	On what Account.	Amount.			Date of Payment.	Date of Order.	Name of Payee.	Amount.		
			£	s.	d.				£	s.	d.

Signed this _____ day of _____

_____ Treasurer.

NOTE.—This account is to be balanced at the end of every quarter, and the balance signed by the Treasurer.

*General Observations relating to the position of a Treasurer—
the Exercise by a Local Authority of Borrowing Powers,
and other Matters—Treasurers generally—the
Personal Character of the Office.*

The duty of a local authority to appoint, as an officer of the authority, a treasurer, has been referred to. It is part of the financial arrangements of the authority that he should receive and disburse their funds in the manner described. The Statutes appear to me to provide for the appointment of a natural person and not a corporation, to discharge the duties of the office, and that, in the absence of express authority to that effect, a corporate body may not be appointed treasurer. On this point I am ex-

pressing an opinion only, which may or may not be in accordance with the views of others.

It may be desirable to indicate briefly some of the considerations which have led me to this conclusion.

The Municipal Corporations Act, 1882, s. 18, provides that the council are from time to time to appoint a fit person, not being a member of the council, to be the treasurer of the borough, and s. 7 provides that the expression "person" is to be deemed to include a corporate body. It is to be borne in mind, however, that an interpretation clause is not to be taken as substituting one set of words for another, or as strictly defining what the meaning of a term must be under all circumstances, but rather as declaring what may be comprehended within the term when the circumstances require that it should be so comprehended. ("*E. v. Cambridge*," 7 A. & E. 491, and *Hardcastle on Statutes*, second edition, p. 236.) In my view the interpretation clause does not apply to the word "person" as used in s. 18. It may be further pointed out that the disqualifications of a member of the council apply to a natural person (s. 12).

The treasurer of the borough is treasurer of the council as urban sanitary authority. Section 192 of the Public Health Act, 1875, refers to the partner of a treasurer, and s. 196 provides that if he fails to account, etc., he may be committed to gaol. He is personally to attend the audit. (Accounts Order, 22nd March, 1880.) These provisions indicate that the Legislature contemplated the appointment of a natural person.

If a county council appoint the county treasurer under the provisions of s. 18 of the Municipal Corporations Act, 1882, most of the foregoing observations will apply to the appointment. If the county treasurer be appointed under 12 Geo. II, c. 29, ss. 6 and 7, it is clear that a natural person is referred to, as s. 7 requires the treasurer to deliver true and exact accounts on oath. The provisions in the Metropolis Management Act, 1855, as to the appointment of a treasurer, in a metropolitan borough, point to a similar conclusion (ss. 62-65).

In the case of guardians of the poor, the Bank of England may act as treasurer of the union or banker to the guardians, and there may be power, but this is doubtful, to appoint a banking corporation to that office. Art. 186 of the General Consolidated Order, dated 24th July, 1847, provides that, under certain conditions, the guardians may dispense with security "in the case of any banking firm acting as treasurer." This provision has been referred to as indicating a relaxation of the rule above-mentioned. There are other provisions which point to the personal nature of the office. It is necessary, however, to point out that the Local Government Board have expressed the following opinion:—"The Local Government Board consider that there

"are legal and practical objections to the appointment of a banking company to act as treasurer of a union, and they invariably refuse to assent to such an arrangement. They point out that the office of treasurer is personal in its character; that the treasurer is a paid officer of the guardians, and subject, therefore, to the Orders and Regulations of the Board; that it is his duty to submit his accounts to the district auditor for audit, and that he is liable to have disallowances made in such accounts, and to be overcharged if he does not place to the credit of the guardians moneys received by him on their behalf. The Board do not see how these duties and responsibilities can be effectively enforced if a company is appointed as treasurer."

Apart from this view, there seems to be no good reason why a banking corporation should not be appointed to perform the duties of treasurer to a local authority, and bankers might, I think, with advantage, seek to bring about an alteration in the law in this direction.

Treasurer's Account at a Bank.

More often than not, a local authority appoints as their treasurer a banker, a bank director, or an officer of a banking corporation, thus securing a well-qualified officer, who is able to make use of the bank with which he is connected, in receiving and disbursing the funds of the authority, and in keeping the account. The account so kept at the bank is not the account of the local authority, but of their treasurer, and it should stand in his name. The treasurer, and not the local authority, is the customer of the bank. The theory is that the treasurer keeps the money of the authority, and pays it away according to their order. The protection to the local authority is the security given by the treasurer. If the local authority control the treasurer as to where and how he is to keep the account, they may find that they have made the account their own, and have lost their right to recover from the treasurer in the event of the failure of the bank. In the case of *"Colchester Guardians v. Moy,"* 57 J.P. 256, this position was realised by the guardians. In that case the guardians sued their treasurer, Moy, for a sum alleged to be due from him for money received for their use, or, in the alternative, on a bond given by him and his sureties. By direction of the guardians the account was kept for one year, alternatively, at two different banks. The account was entitled "Colchester Union." Into this account moneys were paid direct by the rate collectors, also by Moy, moneys received by him. A treasurer's book was kept at the bank headed "On account of receipts and payments, on behalf of the guardians of the union, for the half-year ending the — day of —." In practice the book

was kept in the possession of the clerk of the guardians. It was made up and passed weekly between the bank and the guardians. The defendant signed the quarterly balances, but the weekly inspection he took no part in. Orders for payment were addressed to the treasurer by the guardians, and directed him to pay "C. D. or order, the sum of —, and charge the same to the account of the guardians," with a note, "the guardians request that this order may be presented for payment within fourteen days from the date hereof to the treasurer at his house or usual place of business, and within the usual hours of business." The bank at which the account was kept for the time being stopped payment. Charles, J., held that, in the circumstances proved, the account was the account of the guardians. They really selected the bank, for the account was kept in rotation with two banks, with their entire approval and sanction. The defendant did not choose either banker. The defendant was not liable in the action. It was further held that with regard to the bond the defendant had duly and faithfully performed his duties, and the bond did not extend the measure of his responsibilities, he was bound to pay over on request the moneys "due from him," but the amount sued for was not legally "due from him." It had been lost through no fault of his, by the insolvency of the agent to whom he had properly entrusted it. The guardians could only get back from him what he could get back from the bank.

In the case of "*Halifax Union (Guardians of) v. Wheelwright*," 1875, L.R. 10, Ex. 183; 39 J.P., 823, the guardians appointed as their treasurer the defendant, the manager of the Halifax Banking Company. The course of business was, that sums of money were from time to time paid to the account of the guardians across the bank counter to the bank clerks, and the orders signed on behalf of the guardians were cashed like cheques payable to order. The account was at first kept in a common pass-book headed "Guardians of the H. Union in account with the H. Banking Company," and afterwards in a treasurer's book, according to the form prescribed in the consolidated orders of the Poor Law Board. No salary was paid to the defendant, and the sums deposited were dealt with by the bank in the same manner as funds deposited by other customers. The clerk to the guardians had in his employ one L, whose duty it was to fill up the orders for the signature of the guardians, and he drew a large number of orders in such a manner as to enable himself to increase the amounts, after they had been signed by the guardians, and countersigned by the clerk; in other cases he forged the indorsements. These orders were presented and paid at the bank in the ordinary way. The guardians brought an action against the defendant to recover the money paid on these

forged orders. It was held that as to the orders on which the amounts had been increased, the guardians could not recover, the loss being primarily due to their own negligence; and that, as to the orders of which the endorsements had been forged, that although the treasurer was not within the protection afforded to a "banker" by 16 & 17 Vict., c. 59, s. 19, yet the account of the guardians must be deemed to have been kept with the bank itself, and the Act operated to discharge the bank, and consequently the defendant, its servant, from liability in respect of the payment of the orders. The Court stated in their judgment, "that the plaintiffs having chosen to keep, and have the benefit of a banker's account, must take it with its incidents, and one of those is, that the payment of a genuine cheque with a forged endorsement is a discharge. It may be said that, though the bankers are discharged as against the plaintiffs, still the treasurer is not discharged because he has bound himself to account for what he receives. But the proper answer to this seems to be that there was, in consequence of the manner in which the plaintiffs, who were the masters, chose to have the account kept, no receipt, except by the bankers, and the defendant could not help himself; he can only, therefore, be regarded as receiving, subject to the consequences of the manner of receiving. It may also further be said that, if the account must be regarded as the account of the treasurer with the bank, still it was an account kept by him with the bank by the order of the plaintiffs, and they ought not, therefore, to make a claim which he could not have enforced against the bank."

Local authorities are careful not to control their treasurers in these matters by entering into direct relationship with the bank where the account of their treasurer is kept.

It not infrequently happens that the treasurer opens, for the convenience of his authority, several separate accounts at the bank, and the question arises how far a balance on one account may be set off by the bank against a deficit on another. If these accounts were ordinary personal accounts, the balance on one might be set off against a deficit on another, but if one account be a trust account, and kept as such, this cannot be done. *Ex parte Kingston*, L.R. 6, Ch. 632. In that case, G, a county treasurer, used to pay the county moneys into the B bank, but kept his private account at the N and P bank, and carried over the police rates to this account by cheques drawn on the B bank. Subsequently he opened a separate account with the N and P bank, headed "police account." Some of the items to his credit in this account could be traced as having come from county funds, but most of them could not. The cheques which he drew upon it were all headed "police account," and appeared to have been drawn only for county purposes. For the purposes of in-

terest the N and P bank treated the accounts as one account, and the interest on the balance in his favour was carried to the credit of his private account. At the time when the police account was opened, the manager of the bank knew that G was county treasurer, and understood that he had been in the habit of paying county moneys into the bank. G absconded, his private account being overdrawn, and the police account being in credit. Held, that the bank was not entitled to set off the one account against the other, but, that the county magistrates were entitled to recover the balance standing to G's credit on the police account. Sir G. Mellish, L.J., said: "We are not really doing any prejudice to bankers by establishing a rule that, if an account is in plain terms headed in such a way that a banker cannot fail to know it to be a trust account, the balance standing to the credit of that account will, on the bankruptcy of the person who kept it, belong to the trust."

Without going more fully into the question, it may, I think, be laid down as a general rule that, except in so far as a particular account of a treasurer can be said to be stamped with a trust of which the bank has knowledge, the bank may consolidate the accounts, and set off one against the other. Where the treasurer of the local authority is also an officer of the bank, interesting questions may arise as to the knowledge of the bank.

Orders for Payment.

A form of order on the treasurer has been prescribed for the use of guardians, and many authorities, when issuing orders for payment on their treasurer, adopt this form with certain necessary modifications, an important point to remember in these cases is that the order should be made by the local authority on the treasurer, and not on the bank where he keeps his account.

Stamp Act, 1891.

A question has been raised under the provisions of the Stamp Act, 1891, whether certain forms of order for payment, used by local authorities, are chargeable with a penny duty as "bills of exchange payable on demand, or at sight, or on presentation." Section 32 provides as follows:—"For the purposes of this Act, the expression 'bill of exchange' includes draft, order, cheque, and letter of credit, and any document or writing (except a bank-note) entitling, or purporting to entitle, any person, whether named therein or not, to payment by any other person of, or to draw upon any other person for any sum of money, and the expression 'bill of exchange payable on demand' includes—

"(a) An order for the payment of any sum of money by a bill

“ of exchange or promissory note, or for the delivery of any bill
 “ of exchange or promissory note in satisfaction of any sum of
 “ money, or for the payment of any sum of money out of any
 “ particular fund which may or may not be available, or upon
 “ any condition or contingency which may or may not be per-
 “ formed, or happen; and

“(b) An order for the payment of any sum of money weekly,
 “ monthly, or at any other stated periods, and also an order for
 “ the payment by any person at any time after the date thereof
 “ of any sum of money, and sent or delivered by the person
 “ making the same to the person by whom the payment is to be
 “ made, and not to the person to whom the payment is to be
 “ made, or to any person on his behalf.” Section 38 (1) imposes
 a fine of £10 upon every person who issues, indorses, transfers,
 negotiates, presents for payment, or pays any bill of exchange
 not being duly stamped, and it is provided that the person who
 takes or receives any such bill shall not be entitled to recover
 thereon.

The terms of s. 32 are, apparently wide enough to cover not
 only the form of order sent to the person who is to receive the
 money, but also an order sent by a local authority or their officer
 to the treasurer, containing the names of various persons to
 whom payments are to be made, and directing the treasurer to
 make the payments accordingly, and further that a penny stamp
 is necessary in respect of each payee's name, appearing in the
 list, because the payment to be made to each of such persons is in
 respect of a separate and distinct transaction.

The question is referred to in a Minute of the Board of Inland
 Revenue, dated May, 1904. The point has not yet been the sub-
 ject of judicial decision. I am informed, however, and it may
 interest you to know that, as a result of negotiations which have
 passed between certain local authorities and the Inland Revenue
 Authorities, a form of resolution or statement, containing, for
 the information of the treasurer, a list of the names of persons
 and the amounts to be paid to them, on the presentation of
 cheques to be issued by the treasurer, is in use, and is not
 regarded by the Inland Revenue Authorities as coming within the
 operation of the statute, and is therefore free from stamp duty.
 The following is a specimen of such a resolution:—

“ That a statement of the following accounts be signed by three
 “ members of the finance committee present at this meeting and
 “ countersigned by the town clerk, and be transmitted to the
 “ treasurer with an order to pay cheques for the amounts speci-
 “ fied in such statement, on such cheques being presented to him,
 “ viz. :—

Borrowing Powers.

The power of a local authority to borrow is controlled by Statute. The extent to which the power to borrow may be exercised, the period and purposes of the loan, the mode of borrowing, the nature of security, and how far the consent of the central or other authority is necessary, are all matters provided for by Statute, and, as we have seen, the powers of the several classes of local authorities differ in these as in many other respects.

It must be fully realised that local authorities have no power to borrow except for the purposes and in the manner so prescribed. Any other borrowing is *ultra vires* of the local authority, and at the risk of the lender. I am well aware of the fact that local authorities sometimes, in consequence of bad financial arrangements or unforeseen circumstances, require, temporarily, financial assistance for the purposes of current expenses, and that bankers and others meet those difficulties by temporary advances or overdrafts. This is a species of borrowing, and, unless provided for by Statute, and sanctioned by the central authority, is illegal as being *ultra vires* of the local authority.

Loans for Current Expenses.

In the case of "*The Queen v. Sir Charles Reed*," L.R. 5, Q.B.D. 481, the question was raised whether the London School Board had power, when the school fund had proved insufficient, to contract a temporary loan for the purpose of meeting their current expenses, until they could obtain money out of the rates. It was held that this could not lawfully be done. The principle laid down may be gathered from the following extracts from the judgment of the Court of Appeal (Brett, Cotton & Thesiger, L.J.J.):—
"The respondent in the particular case is the chairman of the
"London School Board, but the Acts referred to, and the question
"which is raised, apply equally to all school boards. In the
"accounts of the London School Board for the half-year ending
"Lady Day, 1879, there was a charge of £83 11s. 2d. for interest
"paid to the Bank of England, the Treasurers of the School
"Board, upon sums advanced as temporary loans, and amount-
"ing, in the whole, to £40,000. This, the auditor for the Metro-
"politan district disallowed as an illegal charge or payment,
"and he surcharged the sum on Sir Charles Reed, the chairman
"of the Board. . . . School boards are constituted under the
"Acts 33 & 34 Vict., c. 75. Sections 53—58 of that Act direct
"how the expenses of the School Board are to be provided for,
"and of these sections, Section 57 gives an express power to
"borrow for certain purposes, and in a certain manner. This
"section was repealed by s. 10 of the later Act, which gives a

“ similar but slightly varied power of borrowing for particular
“ purposes and in a particular manner only. It was not con-
“ tended that the loan had been contracted under the powers of
“ this section. It was argued before us, that the so-called loans
“ might be treated as payment, by the bankers of cheques drawn
“ by the Board, for purposes authorised by the Act, when there
“ was no balance in the hands of the bankers or Treasurer to meet
“ the cheques, and that this was not borrowing. It is unnecessary,
“ in our opinion to decide whether this would be borrowing,
“ inasmuch as, in our opinion, we must treat the transaction as
“ one, not of mere overdraft, but as an advance made on terms
“ agreed upon between the banker and customer, and the counsel
“ for the School Board, in effect, contended that the School Board
“ had, independently of s. 10, power to borrow such sums of
“ money as they might think fit to raise, for purposes authorised
“ by the Act, though he conceded that to do so to an excessive
“ amount would be an abuse of their power. Has the School
“ Board any such power? It was conceded that there was no
“ express power in the Act to raise the money borrowed in the
“ present case. But it was said that every corporation, unless
“ restricted by its Act of Incorporation, has the same power as
“ an individual to enter into contracts, including that of borrow-
“ ing money. In our opinion, this contention, on behalf of the
“ School Board, cannot be maintained. In our opinion, the power
“ of a corporation established for certain specified purposes must
“ depend on what those purposes are, and except so far as it has
“ express powers given to it, it will have such powers only as
“ are necessary for the purpose of enabling it, in a reasonable
“ and proper way, to discharge the duties or fulfil the purposes
“ for which it was constituted. The express power to
“ borrow given originally by the 57th section of the Act of 1870,
“ and now by the 10th section of the later Act, is in both cases
“ given only in the event of the Education Department consenting
“ to the payment of expenses therein mentioned being spread over
“ several years, which, in our opinion, shows an intention that
“ except in the cases specified in those sections, and with the
“ consent therein referred to, all expenses were to be paid as they
“ from time to time were incurred; and Section 54 of the Act of
“ 1870 enacts that the means of making these payments, except
“ so far as provided by the other sources, mentioned in Section 53,
“ is to be provided by funds to be from time to time paid by the
“ rating authority of each district to the School Board, in accord-
“ ance with a precept served by the School Board. This is against
“ implying, from the words of the Act, any power to borrow, and,
“ in our opinion, there are no words in the Acts from which power
“ to borrow money can be given by implication to the School
“ Board. A trading corporation stands, as regards an

"implied power of borrowing, in a very different position from a school board. In our opinion, it is not necessary, to enable a school board to discharge its duties in a reasonable way, or to make the payments which it has to make, that the board should borrow money. In our opinion, with the exception of the powers given by s. 10 of the Act of 1873, a school board has no power to borrow. We think that the auditor rightly disallowed the charge of interest. But it must be remembered that, under s. 4 of the 11 & 12 Vict., c. 91, power is given to the Poor Law Commissioners, now the Local Government Board, to allow any sum, properly disallowed, or surcharged by the auditors, if, in their opinion, it is fair and equitable that such allowances or surcharge should be remitted. This will obviate any injustice or difficulty in the event of the School Board, in consequence of some unforeseen emergency, finding it necessary to borrow."

The principle of this case is of general application to Local Government Authorities. They are corporations established for certain specified purposes, and having express powers given to them to enable them to fulfil those purposes. The power to borrow money is one of those powers, but it is to be exercised for specified purposes in a prescribed manner, and subject to certain conditions, such as the consent of the Local Government Board or some other authority. The power to borrow must be exercised strictly in accordance with, and to the extent only, allowed by these provisions. In the case "*In re Sheffield Permanent Building Society, ex parte Watson*," L.R. 21, 2 B.D. 301, the force of this observation is further illustrated. The directors of an unincorporated building society, which had no borrowing powers, borrowed money for the benefit of the society, and gave to the lender as security the promissory notes of the directors. The society was afterwards incorporated under the Building Societies Acts, 1874 (37 & 38 Vict., c. 42), and acquired borrowing powers. The appellant, who was the representative of the lender, applied to the society for repayment of the loan, but ultimately agreed to refrain from legal proceedings against the society on the directors giving him a deposit note for the amount due. The directors accordingly gave him a deposit note under the seal of the society, stating that the money was lent by the appellant on the date of the deposit note, and he thereupon gave up to them the promissory notes above-mentioned. It was held that the deposit note was not binding on the society.

In "*Smith v. Southampton Corporation*" (1902), 2 L.R. 244, the council, acting as the urban sanitary authority, made a general district rate to defray expenses incurred, or to be incurred, for the period from April 1st, 1901, to 31st March, 1902. An estimate of the rate was prepared as required by s. 218 of the Public Health Act, 1875. The rate was appealed against, on the

ground among others, that it included retrospective charges, and in particular, certain charges which had been incurred or become due more than six months before the rate was made, contrary to s. 210. It appeared that in the years ending 31st March, 1898, 1899, and 1900, there was a deficit on the working of the electricity works, and these, and other large sums, were carried to a suspense account, in pursuance of a resolution of the corporation in March, 1901, the expenditure having been met by an overdraft on the corporation banking account. The resolution also provided for the payment of the amount out of revenue accounts over a period of five years. One-fifth of the amount carried to the suspense account was provided for in the estimate for the above-mentioned rate. There was no evidence to show that the corporation had appropriated income from other sources than the rate to meet the amount. It was held that there had been a contravention of the provisions of s. 210, the rate was retrospective, the expenses in question had not been incurred within "six months before the making of the rate." The rate was therefore bad, and could not be enforced. Channell, J., in his judgment at p. 254, says: "Nothing that I am saying, and nothing that my Lord has said, is to be taken as in any way suggesting that there would be anything wrong in the course which must practically always be taken, that is, in raising temporary loans within the limits of the borrowing powers in respect of matters which require to be paid quickly, the local authority intending at some future date to raise one large loan by an issue of stock, and having necessarily to insure some small expenditure before the loan is raised, obviously a temporary loan from the bankers for such a purpose would stand upon a very different footing from what has been done here." In the circumstances referred to, as where there is no question as to the power of the local authority to borrow, a difficulty arises in connection with temporary advances by reason of the amount of the stamp duty on the security, for if the lenders take from the local authority security, although for a temporary advance, it would appear to be subject to a stamp duty of 2s. 6d. per cent. In order to avoid this difficulty in cases where the 2s. 6d. per cent. duty would be prohibitive, bankers have, I believe, been content to take as security an order on the treasurer of the local authority, in the ordinary form with a penny stamp attached, for payment forthwith, but on the understanding that it will not be presented for payment by the lenders before a certain date.

The principle of the cases above-mentioned apply to local authorities generally. In order, however, to meet the difficulties arising on the passing of the Education Act, 1902, and the transfer of the powers and duties of the superseded school boards, to local education authorities, provision has been made by which the

last-named authorities under the Education (provision of working balances) Act, 1903, with the sanction of the Local Government Board, may borrow such sums, as, in the opinion of that Board are required to provide a working balance for carrying that Act into effect.

The Local Government Board.

The Local Government Board was constituted by the Local Government Board Act, 1871. It is the central authority exercising a supervision and control over local authorities in matters relating to local government, the public health and the administration of the poor law. Many references are made to the powers and duties of the Local Government Board in various statutes relating to these subjects. It is a board, in consequence of which, it is pointed out by, and who holds office, "it is necessary to borrow." His Majesty, and of the following: the Lord President of His Majesty's most honourable Privy Council, all His Majesty's principal Secretaries of State for the time being, the Lord Privy Seal, and the Chancellor of the Exchequer. The Local Government Board may appoint secretaries, assistant secretaries, inspectors, auditors, clerks, etc., as, with the sanction of the Treasury, they may determine. The President and one of the Secretaries of the Local Government Board may sit in Parliament.

Public Authorities Protection Act, 1893.

Public Authorities Protection Act, 1893, provides that, where after the commencement of the Act any action, prosecution, or other proceeding is commenced in the United Kingdom against any person for any act done in pursuance or execution, or intended execution of any Act of Parliament, or of any public duty or authority, or in respect of any alleged neglect or default in the execution of any such Act, duty, or authority . . . the action, prosecution, or proceeding shall not lie or be instituted unless it is commenced within six months next after the act, neglect, or default complained of, or, in case of a continuance of injury or damage, within six months next after the ceasing thereof.

This provision does not affect any proceedings by any department of the Government against any local authority or officer of a local authority.

EXAMINATION ON MR. NALDRETT'S LECTURES.

JANUARY 23RD, 1905.

(Time allowed, Two Hours.)

1.—Name the more important of the several classes of local government authorities in England, and the principal statutes mentioned. Are they constituted, and by which their proceedings are controlled? Have they any power of taxation? Have they any power of borrowing money? Have they any power of raising rates? Have they any power of appointing and dismissing officers? Have they any power of appointing and dismissing officers? Have they any power of appointing and dismissing officers?

2.—Describe the steps which should be taken by an urban district council when appointing a treasurer, according to the provisions of the Public Health Act, 1875.

3.—Describe the steps which should be taken by an urban district council when appointing a treasurer, according to the provisions of the Public Health Act, 1875.

4.—A county council may authorize the county treasurer to make payments out of the county fund on their behalf. How and by what means should this authority be given? By whom should a cheque for the payment of money, issued in pursuance of such an authority, be signed? How are ordinary payments authorized and made by a board of guardians?

5.—State the principal duties devolving upon the treasurer of a local authority, such as a county council. Show that the decision of Charles, J., in "*Colchester Union Guardians v. Moy*," 57 J.P. 265, has an important bearing upon the responsibilities of a treasurer and his sureties.

6.—Upon what security is (1) a county council, (2) an urban district council, entitled to borrow money? When may an urban district council borrow without the sanction of the Local Government Board?

7.—Has either of the undermentioned local authorities a general power to borrow money, apart from statutory provisions, viz.: a county council, a municipal corporation, an urban district council, or a board of guardians? State any circumstances under which a banker, acting as the treasurer of a local authority, may lawfully advance money to that authority by way of overdraft on an account.

Extract from the Examiner's Report:—

"The answers to the questions show that the candidates have paid a close attention to the subject of the lectures. Important facts and prin-

"ciples, relating to a highly technical and complicated subject, have been clearly grasped by them."

RESULTS OF THE EXAMINATION.

PRIZES.

Herbert James Beckett ...	} eq.	<i>Birkbeck Bank, Chancery Lane, W.C.</i> ...	25
Charles Henry Dranfield ...		<i>Bank of Liverpool, Ltd., Prescott Street, Liverpool</i> ...	25
Richard Hall Gardner ...	} eq.	<i>Bank of Liverpool, Ltd., Waterloo Branch, Liverpool</i> ...	23
Henry Partridge ...		<i>London and South Western Bank, Ltd., Finsbury Park, N.</i> ...	23
Dudley Horace Carter ...		<i>Birkbeck Bank, Chancery Lane, W.C.</i> ...	22

CERTIFICATES (in Alphabetical order).

M. J. Beavis.	L. Draper.	D. Millar.
A. T. Betteridge.	T. F. Elvins.	W. A. Moss.
A. C. Booth.	H. E. Evans.	H. O. Roberts.
F. J. Bunker.	C. G. Hearn.	L. Stone.
S. G. Bunster.	W. E. Hughes.	C. W. T. Smith.
W. G. Capell.	S. W. Huntly.	F. H. Smith.
H. J. Clark.	F. G. Johnson.	W. H. Swift.
A. E. Clay.	C. J. A. Knight.	W. F. Weir.
A. P. Cracknell.	W. McKay.	H. J. West.
	T. Martin.	

CLEARING HOUSE RETURNS OF THE UNITED STATES.

As usual, we are indebted to the *New York Commercial and Financial Chronicle* for particulars from which to compile the following table, which gives the totals of clearings during the past year through the various Bankers' Clearing Houses of the United States, with a comparison of the same against the figures for the previous year:—

000's omitted, thus: £13,729,884=£13,729,884,000.

Clearing House.	No. of Members.	1904.	Increase or Decrease per cent. of 1903.	1903.	Increase or Decrease per cent. of 1902.
		Clearings.		Clearings.	
		£		£	
New York	56	13,729,884	+ 4.1	13,194,068	— 13.6
Chicago	20	1,797,997	+ 2.7	1,762,779	+ 5.0
Boston	27	1,326,809	— 1.3	1,343,483	— 3.1
Philadelphia	31	1,155,261	— 1.1	1,168,326	— 0.6
St. Louis.....	15	558,647	+ 11.3	502,096	+ 0.1
Pittsburg	21	412,645	— 12.4	471,375	+ 9.7
San Francisco	17	306,926	+ 1.0	304,040	+ 10.7
Cincinnati	17	244,563	+ 5.9	230,932	+ 6.8

Clearing House.	No. of Members.	1904.	Increase or Decrease per cent. of 1903.	1903.	Increase or Decrease per cent. of 1902.
		Clearings.		Clearings.	
		\$		\$	
Baltimore	24	225,603	— 3·8	234,495	— 2·5
Kansas City	6	219,578	+ 2·1	214,975	+ 8·7
New Orleans	13	194,186	+ 17·3	165,542	+ 23·1
Minneapolis	6	165,646	+ 13·8	148,210	+ 2·3
Cleveland	13	138,819	— 13·5	160,440	+ 5·2
Louisville	13	111,633	+ 5·5	105,848	+ 5·6
Detroit	14	105,103	+ 0·5	104,550	— 0·8
Milwaukee	10	81,754	+ 3·8	78,779	+ 9·2
Omaha	7	79,629	+ 1·1	78,761	+ 8·6
Providence, R. I.	21	69,830	— 2·3	71,455	+ 0·9
Los Angeles	12	69,069	+ 12·7	61,275	+ 24·8
Houston	7	66,367	— 4·8	69,693	+ 15·6
Buffalo	10	65,490	+ 1·9	64,286	+ 5·8
Indianapolis	8	64,032	+ 0·9	63,433	+ 17·3
St. Paul	8	63,161	+ 2·1	61,846	+ 5·1
Memphis	6	52,133	+ 21·8	42,802	+ 19·4
Galveston	9	50,831	+ 15·4	44,053	+ 13·2
Richmond	6	47,922	+ 15·1	41,636	— 2·1
St. Joseph	5	47,613	— 3·1	49,129	+ 4·2
Denver	5	47,145	— 0·7	47,465	+ 3·0
Columbus, O.	14	45,670	— 0·7	46,005	+ 10·9
Seattle	9	44,443	+ 7·4	41,383	+ 7·8
Washington	13	43,175	+ 4·5	41,305	+ 9·7
Savannah	7	40,359	+ 3·0	39,185	+ 8·2
Albany	*	38,717	+ 2·1	37,937	+ 8·2
Portland, O.	8	37,810	+ 7·6	35,149	+ 13·6
Toledo	13	33,271	+ 0·5	33,105	+ 11·6
Atlanta	6	31,604	+ 9·0	28,998	+ 10·5
Salt Lake City	8	31,287	+ 0·2	31,217	— 10·9
Rochester	16	30,230	+ 13·0	26,756	— 0·9
Peoria	10	28,993	— 1·7	29,504	+ 3·5
Hartford	15	27,944	+ 2·3	27,308	— 2·2
Nashville	7	26,571	+ 6·6	24,918	+ 35·6
Spokane	5	24,834	+ 10·9	22,387	+ 26·5
Des Moines	14	23,707	+ 6·5	22,252	+ 4·1
Tacoma	5	23,159	+ 14·9	20,149	+ 33·0
Newhaven	10	20,263	+ 9·1	18,570	+ 8·2
Grand Rapids	11	20,207	+ 3·4	19,541	+ 17·7
Fort Worth	6	18,771	+ 11·1	16,891	+ 14·1
Norfolk	7	18,098	+ 6·4	17,003	+ 9·5
Soranton	13	17,994	— 0·7	18,115	+ 26·8
Dayton	7	16,453	— 1·8	17,358	+ 13·5
Portland, Me.	8	16,029	+ 3·4	15,495	+ 6·0
Springfield, Mass.	10	15,436	— 4·9	16,233	+ 0·5
Augusta	9	15,124	+ 3·7	14,588	— 2·1
Evansville	*	14,282	+ 6·9	13,359	+ 11·5
Sioux City	6	13,549	— 4·3	14,164	— 12·7
Birmingham	8	13,229	+ 4·8	12,629	+ 11·2
Syracuse	8	12,982	— 3·2	13,416	+ 0·6
Worcester	4	12,523	— 20·4	15,734	— 8·1
Knoxville	9	12,288	+ 5·3	11,670	+ 43·3

* No information.

Clearing House.	No. of Members.	1904.	Increase or Decrease per cent. of 1903.	1903.	Increase or Decrease per cent. of 1902.
		Clearings.		Clearings.	
		£		\$	
Wilmington	9	11,000	— 12·2	12,532	+ 5·0
Wichita	5	10,591	+ 35·1	7,841	+ 24·5
Little Rock	5	9,938	— 5·0	10,458	+ 7·8
Wilkes Barre.....	9	9,312	— 3·6	9,661	+ 22·5
Davenport	8	9,238	— 5·5	9,819	— 8·1
Topeka	4	9,157	— 36·4	14,390	+ 3·9
Jacksonville, F. ...	5	8,641	+ 65·5	5,223	+ 38·0
Chattanooga	5	8,184	+ 10·3	7,420	+ 31·2
Kalamazoo.....	*	7,743	+ 10·7	6,997	+ 29·4
Springfield, Ill.....	6	7,598	+ 4·2	7,292	+ 16·4
Fall River	7	7,477	— 21·1	9,482	— 7·6
Wheeling	9	7,318	— 4·9	7,696	— 0·9
Macon.....	7	7,193	— 11·8	8,156	+ 9·3
Helena	4	6,586	+ 6·2	6,192	+ 3·9
Lexington	8	6,416	+ 8·0	5,942	+ 5·5
Akron.....	11	5,871	— 21·3	7,462	+ 7·9
Canton	9	5,556	+ 0·3	5,539	+ 14·2
Youngstown ..	6	5,313	— 21·5	6,765	+ 9·5
Fargo	4	5,399	— 7·7	5,849	+ 18·8
Holyoke	5	5,216	+ 12·8	4,623	+ 13·6
Colorado Springs ...	5	5,125	+ 16·0	4,418	— 27·7
New Bedford.....	4	4,992	— 13·3	5,760	+ 5·7
Rockford	6	4,815	+ 4·8	4,594	+ 13·3
Lowell	5	4,705	— 2·3	4,815	— 13·0
Chester	6	4,501	— 5·0	4,740	+ 27·7
Binghamton	5	4,496	+ 2·9	4,371	+ 16·3
Beaumont	*	4,492	— 10·2	5,003	+ 21·3
Bloomington.....	7	4,174	+ 9·2	3,882	+ 14·0
Springfield, O.	6	4,085	— 3·2	4,219	+ 10·5
Greensburg	4	3,971	— 13·8	4,604	+ 4·9
Quincy	4	3,349	+ 5·1	3,187	+ 11·0
Decatur	*	2,862	— 0·2	2,867	+ 9·4
Sioux Falls	5	2,781	+ 4·8	2,654	— 2·9
Jacksonville, Ill. ...	5	2,388	+ 6·4	2,245	+ 11·5
Jackson, Mich.	*	2,212	+ 8·8	2,032	+ 14·7
Mansfield	5	2,033	— 10·6	2,278	+ 6·6
Fremont.....	4	1,981	+ 9·6	1,810	+ 7·4
Frederick	7	1,778	+ 4·0	1,709	+ 1·5
Ann Arbor.....	*	1,006	+ 5·3	956	+ 8·2
Total, 98 Clg. Houses	877	22,489,271	+ 3·0	21,853,514	— 7·4
Outside New York..	821	8,759,387	+ 1·2	8,659,446	+ 3·3

* No Information.

The clearings at New York supply more than three-fifths of the whole total and the increase which they exhibit, of £535,816,000, is within one hundred millions of the whole increase shown in the table. The experience of New York has not been

shared by the other three chief financial centres. Chicago has had a moderate increase of thirty-five millions, but at both Boston and Philadelphia the clearings have been diminished by seventeen millions and thirteen millions respectively. The four cities named have, together, cleared £18,009,451,000, as against £17,468,656,000 in 1903, showing an increase of £540,795,000 out of the total increase in the ninety-eight Clearing Houses included in the table, amounting to £635,757,000. This leaves for all the other cities a total increase of £94,962,000, being at the rate of 2.1 per cent. over the clearings of 1903. If we take next the eleven other cities that show clearings of over one hundred millions sterling, we find that there are eight that show increases, amounting in all to £133,139,000, whilst three of them exhibit decreases amounting to £89,243,000, leaving a net increase of £51,066,000 to be accounted for by the other eighty-three cities.

Of the whole number of ninety-eight cities there are thirty-six that show decreases, the largest in amount being:—

Pittsburg	...	£58,730,000, or — 12.4 per cent.
Cleveland	...	21,621,000, „ — 13.5 „
Boston	...	17,164,000, „ — 1.3 „
Philadelphia	...	13,065,000, „ — 1.1 „
Baltimore	...	8,892,000, „ — 3.8 „

It is seen that only two of these bear any considerable ratio to the transactions of the previous year. On the other hand the decreases that are largest in ratio are comparatively insignificant in amount. They are:—

Topeka	...	£5,233,000, or — 36.4 per cent.
Youngstown	...	1,452,000, „ — 21.5 „
Akron	...	1,591,000, „ — 21.3 „
Fall River	...	2,005,000, „ — 21.1 „
Worcester	...	3,211,000, „ — 20.4 „

After New York, the largest increase is that of St. Louis, amounting to £56,551,000, or 11.3 per cent. above the previous year, a result chiefly due no doubt to the Exhibition; next in order being those of Chicago and New Orleans. Generally speaking, all the chief western and southern cities show more or less improvement, and, in several instances, the improvement followed upon an increase in the previous year.

The returns may be geographically divided into the following groups :—

—	Clearing Houses.	Clearings.
		£
New York (City)	1	13,729,884,000
Other Middle States	16	2,044,192,000
New England "	11	1,510,424,000
Middle Western "	27	2,657,105,000
Pacific "	10	552,294,000
Other Western "	13	699,159,000
Southern "	20	1,296,213,000
	98	£22,489,271,000

Thus divided the results of the year are as follows :—

—	Increases.	Decreases.	Net Result.
New York City	1	—	+ 4.1 per cent.
Other Middle States	6	9	— 3.6 "
New England "	4	7	— 1.4 "
Middle Western "	18	9	+ 1.6 "
Pacific "	9	1	+ 4.1 "
Other Western "	8	5	+ 3.6 "
Southern "	16	4	+10.4 "

Taken in order of time, the improvement was, in all cases, experienced in the last quarter of the year. In New York the first three quarters gave only 65 per cent. of the whole return, the remaining 35 per cent. being recorded in the last quarter. In the total clearings, the first and second quarters of the year were conspicuously below the totals for the corresponding quarters of the three previous years; the third quarter was, roughly speaking, upon a par with the third quarter of those years, whilst the last quarter showed well above any of them.

In New York, as usual, the clearings of the year have followed roughly the fluctuations of business upon the Stock Exchange, although, of course, a large part of the stock transactions are settled through the Stock Exchange Clearing House. The following table gives the value of stocks sold during each quarter of 1904, and of the previous year :—

	1904.	1903.
	£	£
First Quarter	364,191,961	634,430,936
Second "	195,471,060	594,212,488
Third "	490,994,030	546,843,361
Fourth "	1,361,633,429	425,329,815
	£2,412,290,480	£2,200,816,600

We conclude with a table showing the New York clearings and the clearings outside New York for the last ten years.

Year.	New York Clearings.	Per cent. Increase or Decrease.	Clearings outside New York.	Per cent. Increase or Decrease.
	£		£	
1904	13,729,884,000	+ 4.1	8,759,387,000	+ 1.2
1903	13,194,068,000	— 13.6	8,659,446,000	+ 3.8
1902	15,265,638,000	— 3.9	8,358,130,000	+ 6.7
1901	15,885,537,000	+ 50.9	7,819,565,000	+ 16.5
1900	10,526,840,000	— 13.4	6,716,082,000	+ 0.3
1899	12,152,358,000	+ 44.8	6,643,221,000	+ 23.2
1898	8,394,356,000	+ 25.6	5,382,616,000	+ 12.8
1897	6,685,405,000	+ 15.8	4,794,893,000	+ 6.7
1896	5,774,155,000	— 3.3	4,466,739,000	— 5.2
1895	5,968,359,000	+ 22.3	4,710,757,000	+ 10.4

NOTES ON RECENT ADDITIONS TO THE LIBRARY.

*The Law of Banking.**

By HEBER HART, LL.D. (Lond.).

In the preface to this book, Dr. Hart writes: "Great pains have been bestowed upon the arrangement of the work." This is self-evident to anyone who merely glances into this important production. "Great pains" must have been taken to produce a book that is so clear, comprehensive, and well arranged—one that combines in itself both a "lawyer's book" and a "banker's book."

* London: Stevens & Sons, Limited, 1904.

It is essentially a reference book, and one that should be kept close at hand for solving those knotty little problems that so frequently obtrude themselves before even the most experienced banker.

The book is divided into eight parts, each of which deals with a definite portion of a banker's business. In the Table of Contents, at the beginning of the book, these parts are set out, and the various heads and sub-heads of each subject are so fully tabulated that any particular matter upon which it may be necessary to refer to the book is easily found; while the ample index at the end still further assists in any reference, and enables one to trace any matter through the several ways in which it may affect business.

Part I deals with "Bankers and Banks," and is divided into several chapters, each of which is devoted to some definite matter of importance to bankers: such as the relation of banker and customer, the legal formalities required in the conduct of Registered Banking Companies, the duties and responsibilities of officers, the Bank of England, etc.

The chapter dealing with the Bank of England is peculiar, in that the history of that institution is summed up in eight lines, merely naming the various Statutes under which the Bank was founded and developed. A brief note is made as to the conduct of ordinary banking business at the Bank, but very full particulars are given as to the management of the National Debt, and of all matters in connection with stocks transferable at the Bank. This is as it should be, the history of the Bank has been written by many writers in many ways, but the details as to dealing with stocks transferable at the Bank appear in few books, and are likely to prove of much practical use.

Part II deals with the "Account," and contains some most important chapters on this subject. The position of the banker in regard to "Trust" monies is fully discussed, as are also the questions of interest, commission, the computation of the balance, and the effect of entries in the pass-book. As may be imagined, the celebrated Gordon case looms large in many places throughout the work, but in discussing the subject of "payments in," Dr. Hart quotes a case which is rather at variance with the judgment in the above-mentioned case.

In the case quoted, *Bransby v. East London Bank*, tried in 1866, a walk cheque had been paid in to a certain account and credited before it was cleared, the credit entered in the pass-book, which was handed out to the customer, and then a cheque was dishonoured, as the credit was not cleared. On an application for a new trial, the Judge, among other comments, made the following:—"There, however, appears to be some doubt as to whether there was or was not, evidence to go to the jury that the cheque (paid

"in) had been actually cashed when the cheque was presented (for payment), and the walking-clerk was not called to show at what time the cheque really was cashed. Under these circumstances, I am of opinion that the case should again be inquired into, in order to call evidence to show when the cheque was cashed."

In Part III the subject of "Customers' Cheques" is examined in all its bearings, and "Acceptances" are similarly treated in Part IV. As regards "marked cheques," Dr. Hart writes as follows:—"As between bankers themselves, marking has an effect analogous to that of the acceptance of a bill, but it does not give the holder of the cheque a right against the banker who has marked it." This is a view of the matter which is not very generally known, and is one worth noting, especially from the customer's point of view, although the position of a banker who repudiated his own "marking" would not be a very happy one, and would probably bring him into unenviable notoriety.

"Collection" is dealt with in Part V, and this matter is largely resolved into an examination of a banker's duty to his customer, his "rights" in articles during process of collection, and his liabilities in respect of wrongful conversions; in which connection the Gordon case again makes an appearance.

Bank-notes, drafts, letters of credit, etc., are ably dealt with in Part VI, and incidental services are treated in the following part. The question of articles left with bankers for safe custody comes under review in this part, especially as to the position of the banker being that of a gratuitous bailee, or the reverse, and several interesting cases are referred to dealing with this point.

The last part of this book deals with the important matter of advances. The nature and availability of securities offered by customers as cover for advances is very minutely examined, and practically every class of security which from time to time is offered to bankers, is thoroughly scrutinised. One important chapter in this part is devoted to Guarantees, the rights, liabilities, and limitations attaching thereto are fully set out, and attention drawn to the many pitfalls surmounting this form of security, perhaps the most troublesome kind with which bankers have to deal. In another chapter on Stocks and Shares, attention is drawn to the risks run in accepting as security a "certified transfer," as such a document is not a binding one on the company to which it refers, if the secretary is acting by fraud.

From this brief review of the "Law of Banking" it will be seen that Dr. Hart deals with practically every matter appertaining to his subject from a legal point of view, and though the scope of his subject is so large, each matter is treated in a concise and pithy manner. It is a book which should be in every banker's and lawyer's library, and one that will be found of use in the conduct of the practical every-day work of a bank.

SUMMARY OF JOINT

In £'s sterling 000 omitted, thus :—£1,000—

Bank.	Account made up to	No. of Branches & Sub-Branches.	CAPITAL AND SHAREHOLDERS' LIABILITIES.					Dividend and Bonus per Annum.	Reserve Fund.
			Subscribed.	Paid up.	Nominal Amount of Share	Paid up per Share.	Reserve Liability per Share.		
	1	2	3	4	5	6	7	8	9
	1904.		£	£	£	£	£	%	£
African Banking Corporation, Limited	Sep. 30	40	800	400	10	5	5	6	140
*Anglo Egyptian Bank, Limited	Aug 31	7	1,500	500	15	5	...	12½	500
*Anglo-Foreign Banking Company, Limited	Dec. 31	5	420	420	7	7	...	7½	125
*Bank of Egypt, Limited	"	15	1,000	500	25	12½	12½	16	400
Bank of Ireland	"	65	(a) 2,769	2,769	100	Stock	...	11½	1,034
Bank of New South Wales	Sep. 30	213	2,000	2,000	20	20	20	10	1,350
*Bank of Tarapacá and Argentina, Limited ...	Jun. 30	17	1,500	750	10	5	...	6	250
Bank of Whitehaven, Limited	Dec. 31	8	296	99	30	10	...	12½	70
Barclay and Company, Limited	"	347	6,991	2,797	20	8	...	15	1,250
*Birmingham District and Counties Bank, Limited	"	120	3,312	662	20	4	...	15	475
*Bradford Banking Company, Limited	"	None	1,360	408	10	3	5	11½	195
Bradford District Bank, Limited	"	5	1,000	344	10	4	4	11½	210
Bradford Old Bank, Ltd.	"	24	1,250	500	50	20	...	9	180
*British Mutual Banking Company, Limited	"	None	200	60	5	1½	...	5	47
*Canadian Bank of Commerce	Nov 30	115	1,788	1,788	10	10	10	7	719
*Carlisle and Cumberland Banking Co., Limited	Dec. 31	7	400	100	20	5	10	19	83
*Clydesdale Bank, Limited	"	131	5,000	1,000	50	10	40	12	740
*Commercial Bank of Scotland, Limited	Oct. 31	150	5,000	1,000	100	20	...	40	1,000
Craven Bank, Limited	Dec. 31	39	900	210	30	7	15	15	90
*Devon & Cornwall Bank, Limited	"	90	1,250	250	100	20	50	20	350
*English, Scottish, and Australian Bank, Ltd.	Jun. 30	92	1,079	539	25	12½	...	4	184
*German Bank of London, Limited	Dec. 31	None	400	400	10	10	...	6	100
*Halifax & Huddersfield Union Bkg. Co., Ltd.	"	9	1,200	300	40	10	20	8	105

* These accounts are made up annually.

(a) Equal to £3,000,000 Irish.

(b) Including money at call.

STOCK BANK ACCOUNTS.

1,000,000, except columns 1, 2, 5, 6, 7, 8).

LIABILITIES.				ASSETS.					
Deposits.	Acceptances.	Other Items.	Net Profits for the half-year.	Cash in hand and at Call.	Investments.		Bills discounted, Loans, and other Securities†	Bank Premises, Furniture, &c.	Total Assets.
10	11	12	13	14	British Government Stock. 15	Other Investments.‡ 16	17	18	19
£	£	£	£	£	£	£	£	£	£
4,355	...	948	18	1,648	...	356	3,704	147	5,855
2,777	2,315	922	† 99	419	...	302	6,207	25	6,953
695	653	2,361	† 38	236	142	172	3,698	85	4 283
838	1,718	...	† 96	60	...	361	3,057	88	3,516
10,165	...	4,689	160	1,690	4,307	4,346	8,381	105	18,829
21,093	...	4,259	120	4,907	...	1,695	21,555	693	28,850
2,490	1,492	14	† 92	658	...	319	3,968	91	5,031
512	...	21	6	44	...	252	400	14	710
36,392	142	...	...	9,046	...	8,649	21,637	1,249	40,581
6,344	...	...	† 106	890	626	489	5,383	293	7,681
1,728	37	17	† 56	326	...	269	1,804	21	2,420
2,963	155	...	21	...	...	(b) 1,756	1,849	79	3,704
2,689	98	2	22	391	...	420	2,615	72	3,498
661	...	13	† 7	73	47	75	585	7	787
14,478	...	2,446	† 231	3,814	...	1,503	13,188	205	18,710
873	...	22	† 19	79	...	183	794	37	1,093
11,110	156	1,166	† 181	1,778	...	(b) 5,064	7,026	329	14,197
13,820	171	1,378	† 228	4,227	1,136	2,163	9,631	344	17,501
2,925	...	57	17	576	390	542	1,709	88	3,305
4,217	...	...	† 52	550	...	1,767	2,402	136	4,855
2,449	...	3,069	† 44	969	100	...	4,772	454	6,295
148	1,299	...	† 33	365	...	...	1,610	...	1,975
1,363	...	13	† 27	191	...	113	1,456	38	1,798

† Including liability of customers for acceptances and endorsements.

‡ Net Profits for the year.

§ Column 16 includes British Government Stock if held and not separately stated.

SUMMARY OF JOINT

In £'s sterling 000 omitted, thus:—£1,000—

Bank.	Account made up to	No. of Branches & Sub-Branches.	CAPITAL AND SHAREHOLDERS' LIABILITIES.					Dividend and Bonus per Annum.	Reserve Fund.
			Subscribed.	Paid up.	Nominal Amount of Share	Paid up per Share.	Reserve Liability per Share.		
	1	2	3	4	5	6	7	8	9
	1904.		£	£	£	£	£	%	£
*Halifax Joint Stock Banking Co., Limited	Dec.31	18	750	300	25	10	10	11½	305
Hibernian Bank, Limited	"	73	2,000	500	20	5	10	5	135
*Imperial Bank of Persia	Sep. 20	10	650	650	6½	6½	...	6½	115
*Isle of Man Banking Co., Limited	Dec.31	7	150	30	10	2	6½	15	40
*Lancashire & Yorkshire Bank, Limited	"	121	1,725	863	20	10	...	15	575
*Lancaster Banking Company, Limited	"	55	1,925	302	35	5½	...	25½	300
*Lloyds Bank, Limited	"	409	22,175	3,548	50	8	37½	18½	2,600
London & County Banking Company, Limited	"	230	8,000	2,000	80	20	40	20	1,350
*London & Hanseatic Bank, Limited	"	None	800	400	20	10	10	7½	150
London & Provincial Bank, Limited	"	231	1,600	800	10	5	...	18	1,380
*London & River Plate Bank, Limited	Sep. 30	15	1,500	900	25	15	...	19	1,000
London & South Western Bank, Limited	Dec.31	152	2,500	975	50	{ 20 17½ }	{ ... }	16	950
London & Westminster Bank, Limited	"	35	14,000	2,800	100	20	...	13½	1,400
London City & Midland Bank, Limited	"	445	14,400	3,000	60	12½	35	18	3,000
London Joint Stock Bank, Limited	"	39	12,000	1,800	100	15	50	11	1,140
Manchester & County Bank, Limited	"	90	5,460	928	100	17	75	15	960
Manchester & Liverpool District Bank, Limited	"	101	7,500	1,500	60	12	40	17½	1,805
Martin's Bank, Limited	"	12	1,000	500	20	10	10	8	125
*Merchant Banking Company, Limited	"	None	675	300	9	4	...	5	25
*Metropolitan Bank of England and Wales, Limited	"	125	5,000	500	50	5	25	13½	350
Munster & Leinster Bank, Limited	"	63	500	200	5	2	2	12	230
National Bank, Limited	"	122	7,500	1,500	50	10	33½	11	500
*National Bank of Scotland, Limited	Nov. 1	114	5,000	1,000	500	100	300	20	1,030

* These Accounts are made up annually.

(a) Including Acceptances.

(c) Including Bills of Exchange.

STOCK BANK ACCOUNTS (*continued*).

£1,000,000 (except columns 1, 2, 5, 6, 7, 8).

LIABILITIES.				ASSETS.					
Deposits.	Acceptances.	Other Items.	Net Profits for the half-year.	Cash in hand and at Call.	Investments.		Bills discounted, Loans, and other Securities†	Bank Premises, Furniture, &c.	Total Assets.
10	11	12	13	14	British Government Stock. 15	Other Investments.‡	17	18	19
£	£	£	£	£	£	£	£	£	£
3,191	...	24	† 36	613	330	87	(c) 2,774	42	3,846
3,115	...	394	25	178	...	705	3,168	113	4,164
411	...	686	† 55	1,032	...	165	670	30	1,897
863	...	32	† 8	139	...	391	405	36	971
8,229	193	9	† 137	1,912	...	1,464	6,201	375	9,952
4,526	13	...	† 78	944	...	809	3,329	148	5,230
56,164	3,569	...	† 705	14,427	6,145	4,009	40,152	1,538	66,271
44,394	1,767	27	278	11,222	6,665	2,731	28,403	784	49,805
207	1,984	1	† 31	356	...	204	2,207	...	2,767
13,359	...	...	94	2,900	1,935	1,999	8,638	197	15,669
16,820	2,984	4,126	† 183	6,961	...	...	18,832	204	25,997
13,624	...	6	88	2,750	2,121	1,751	8,524	524	15,670
27,155	301	509	187	10,577	3,885	852	16,324	728	32,366
47,672	2,153	...	292	16,240	3,556	3,899	31,228	1,282	56,205
16,351	1,199	19	101	6,918	2,390	1,206	9,680	434	20,628
8,652	596	14	87	2,535	259	1,039	7,243	175	11,251
15,438	1,034	1	142	3,593	944	2,356	12,752	300	19,945
2,993	310	...	20	1,350	475	99	1,917	132	3,973
(a) 1,313	...	...	14	253	...	71	1,341	12	1,677
8,314	...	177	† 85	2,277	666	650	5,454	348	9,395
4,316	...	...	20	887	721	445	2,665	54	4,772
11,525	109	1,106	99	3,465	1,532	152	9,395	312	14,856
15,029	790	977	+ 980	2,709	1,050	2,404	11,476	927	19,000

SUMMARY OF JOINT

In £'s sterling, 000 omitted, thus :—£1,000=

Bank.	Account made up to	No. of Branches & Sub-Branches.	CAPITAL AND SHAREHOLDERS' LIABILITIES.					Dividend and Bonus per Annum.	Reserve Fund.
			Subscribed.	Paid up.	Nominal Amount of Share	Paid up per Share.	Reserve Liability per Share.		
	1	2	3	4	5	6	7	8	9
	1904		£	£	£	£	£	%	£
National Bank of Australasia, Limited ...	Sep. 30	112	3,408	1,498	{ Pf. 10 Or. 8	10 5	...	{ 5 3½	95
*National Provincial Bk. of England, Limited	Dec 31	285	15,900	3,000	{ 75 60	10½ 12	50 40	17	2,300
*Northamptonshire Union Bank, Limited	"	21	1,200	396	30	11	...	11½	348
*North & South Wales, Bank, Limited	"	100	3,000	750	40	10	30	17	505
North Eastern Bank, Ltd.	"	83	2,000	321	20	6	...	12½	128
*Nottingham & Notts Banking Co., Ltd.	"	23	1,300	325	20	5	...	10	140
*Nottinghamshire Joint Stock Bank, Limited...	"	28	1,000	200	50	10	25	12½	176
Parr's Bank, Limited ...	"	163	8,542	1,708	100	20	60	20	1,708
Provincial Bank of Ireland, Limited.....	"	87	4,080	540	{ 100 20	12½ 10	50 10	12	350
Queensland National Bank, Limited	"	53	800	413	5	3	...	...	39
*Royal Bank of Scotland	Oct. 8	145	2,000	2,000	Stock	Stock	...	10	901
*Sheffield Banking Co., Limited	Dec. 31	19	1,154	404	50	17½	...	15	316
*Sheffield & Rotherham Joint Stock Bank, Ltd.	"	11	1,600	256	50	8	25	16½	247
*Stamford, Spalding, and Boston Banking Co., Limited	"	44	884	295	30	10	10	10	157
Stuckey's Banking Co., Limited	"	68	2,040	408	60	12	48	...	355
Union Bank of Manchester, Limited	"	69	1,250	550	25	11	...	10½	318
Union of London and Smiths Bank, Limited	"	147	22,934	3,555	100	15½	50	11	1,150
*Wakefield & Barnsley Union Bank, Limited	"	9	500	135	50	13½	25	10	105
*Williams Deacon's Bank, Limited	"	83	6,250	1,000	50	8	30	13½	625
*Wilts & Dorset Bank, Ltd.	"	151	3,500	700	50	10	35	20	750
*York City & County Bank, Limited	"	166	2,600	780	10	3	...	18½	849

* These accounts are made up annually.

† Including liability of customers for acceptances and endorsements.

STOCK BANK ACCOUNTS (*continued*).

£1,000,000 (except columns 1, 2, 5, 6, 7, 8).

LIABILITIES.				ASSETS.					
Deposits.	Acceptances.	Other Items.	Net Profits for the Half-year.	Cash in hand and at Call.	Investments.		Bills discounted, Loans, and other Securities.	Bank Premises, Furniture, &c.	Total Assets.
10	11	12	13	14	British Government Stock.	Other Investments.	17	18	19
£	£	£	£	£	£	£	£	£	£
5,934	...	438	40	1,298	...	551	5,979	450	8,278
50,693	391	...	† 548	11,470	8,812	5,634	29,908	647	56,471
2,647	...	2	† 53	222	...	972	2,194	33	3,421
10,510	988	265	† 134	2,483	...	1,614	8,650	292	13,039
3,009	...	...	19	329	613	367	2,041	131	3,481
3,137	...	15	† 42	248	140	737	2,411	109	3,645
2,004	...	...	† 26	344	176	287	1,529	63	2,399
23,492	3,531	418	197	10,623	850	2,318	21,502	836	36,129
5,021	...	737	38	430	...	1,801	4,346	116	6,693
1,717	...	(x) 5,294	22	1,722	...	38	5,389	276	7,425
13,761	633	1,491	† 241	4,391	1,480	1,157	11,468	400	18,896
3,110	...	7	† 62	702	297	247	2,575	64	3,885
2,286	...	6	† 43	520	195	317	1,753	39	2,824
3,200	...	27	† 41	456	157	522	2,470	105	3,710
6,668	...	92	48	996	1,665	2,131	2,716	70	7,578
4,187	404	...	76	771	524	157	3,793	247	5,492
34,337	2,158	482	213	13,238	4,114	1,621	21,764	1,214	41,951
851	...	9	† 14	114	...	100	873	23	1,110
11,354	298	...	† 170	3,181	944	1,399	7,523	369	13,416
10,421	...	106	† 142	1,736	1,000	3,184	5,798	335	12,053
10,584	...	27	† 150	2,022	212	1,204	7,022	402	12,220

SUMMARY OF BANK RETURNS

OF VICTORIA, NEW SOUTH WALES, NEW ZEALAND, SOUTH AUSTRALIA, QUEENSLAND
TASMANIA, AND WESTERN AUSTRALIA.

(Compiled from the Sworn Averages for the Quarter ended 30th September, 1904.)

LIABILITIES.

	Notes in Circulation not bearing interest.	Bills in Circulation not bearing interest.	Balances due to other Banks.	Deposits not bearing interest.
Victoria	£832,095	£110,481	£24,081	£10,188,790
New South Wales	1,283,406	179,320	82,752	12,360,707
New Zealand	1,429,938	50,361	50,473	8,996,885
South Australia	364,067	10,718	24,187	2,365,745
Queensland	—	94,380	83,423	4,504,747
Tasmania	143,499	17,246	8,747	1,355,956
Western Australia	344,161	51,430	77,181	8,220,710
Totals	4,387,156	514,084	411,843	42,893,540

	Deposits bearing interest.	Total Deposits.	(a) Total amount of Liabilities.
Victoria	£20,077,142	* £30,365,932	£32,328,227
New South Wales	18,634,703	† 31,995,410	34,328,579
New Zealand	10,019,853	‡ 19,016,738	20,547,509
South Australia	3,730,441	§ 5,998,186	6,720,285
Queensland	7,921,932	¶ 12,426,679	12,697,029
Tasmania	2,140,092	3,496,048	3,666,540
Western Australia	1,486,918	4,707,628	5,120,400
Totals	65,011,081	107,904,421	115,268,869

(a) Total Liabilities include perpetual inscribed stocks of the English, Scottish and Australian Bank, Limited, as follows:—Victoria, £945,538; New South Wales, £867,991; South Australia, £223,139; Queensland, £292,547; total, £2,339,215.

* Victoria.—This includes Government deposits, not bearing interest, £276,301; bearing interest, £2,572,531; total, £2,196,732.

† New South Wales.—Government deposits are not shown separately by the banks.

‡ New Zealand.—This includes Government deposits, bearing interest, £1,008,495.

§ South Australia.—This includes Government deposits, not bearing interest, £185,743.

¶ Queensland.—This includes Government deposits, not bearing interest, £243,803, and bearing interest, £3,119,364; total, £2,763,167.

ASSETS.

	Coined Gold and Silver, and other metals.	Gold and Silver in bullion or bars.	Landed and other Property.	Notes and Bills of other Banks.
Victoria	£6,082,926	£481,669	£1,955,777	£298,088
New South Wales	6,173,941	349,638	1,813,084	269,097
New Zealand	3,802,867	119,063	408,700	76,197
South Australia	1,803,395	18,612	426,953	47,363
Queensland	1,589,139	198,808	733,397	43,962
Tasmania	745,592	—	108,135	—
Western Australia	1,681,640	571,432	197,635	61,176
Totals	21,578,500	1,634,209	5,643,591	785,783

	Balances due from other Banks.	All debts due to the Banks.*	Total amount of Assets.
Victoria	£167,576	† £29,302,426	£30,170,452
New South Wales	237,823	‡ 32,600,426	(a) 45,533,438
New Zealand	13,360	§ 16,110,251	20,530,638
South Australia	65,341	¶ 4,496,589	6,588,183
Queensland	128,630	|| 13,906,521	16,597,454
Tasmania	41,950	** 2,661,025	3,556,692
Western Australia	28,296	†† 3,988,624	6,528,693
Totals	682,976	102,965,962	137,483,480

* Including notes, bills of exchange, and all stock and funded debts of every description, except notes, bills, and balances due to the banks from other banks.

† Victoria.—Government securities (if any) held by the banks are not separately distinguished in these returns.

‡ New South Wales.—This includes £1,108,600, average amount of Government securities held by the Commercial Banking Company of Sydney; and £24,816 held by the Bank of New South Wales.

§ New Zealand.—This includes notes and bills discounted, £2,030,636; debts due to the banks, £12,463,333; Colonial Government securities, £934,537; other funded securities, £63,988; and securities not included under other heads, £517,367.

|| South Australia.—This includes £78,000, Government and public securities, held by the Bank of Adelaide; £33,579, Government securities held by the Bank of New South Wales; and stamp account, £396, Bank of Australia.

** Queensland.—This includes Treasury notes, £633,363; Government securities and stamp account, £38,361, held by the Queensland National Bank; stamp account, £396, Bank of Australia; Government securities, £67,356, by the Royal Bank of Queensland; Government securities, £26,344, held by the Bank of New South Wales; and Government securities, £25,780, held by the Bank of North Queensland.

†† Tasmania.—This includes £27,590, Government securities held by the Commercial Bank of Tasmania, Limited; and £28,000 held by the National Bank of Tasmania. Coin and bullion are not stated separately.

†† Western Australia.—This includes public securities, £100,500, held by the Western Australian Bank; and Government securities, £33,463, held by the Bank of New South Wales.

a Including balances due from Branches, £4,190,439.

(From the Australasian Insurance and Banking Record.)

JOURNAL

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The President, J. SPENCER PHILLIPS, Esq., in the Chair.

THE WORKING OF THE ELASTIC CLAUSE OF THE GERMAN BANK ACT.

By HERMANN SCHMIDT, Esq.

(Read before the Institute, Wednesday, March 1st, 1905.)



WHEN the German Empire was founded, one of its primary tasks was to bring order into the chaos of the different German currency and banking systems. At that time there existed within the boundaries of the new Empire 140 kinds of paper money and 33 issuing banks. Two economic schools claimed the right to undertake the task—the English and the French—and both had accomplished champions.

In the Currency question the English gold-monometallism scored an early victory over the French bimetallic system. The German Act of 1873 dethroned silver and inaugurated the reign of gold, thereby conferring growing economic advantages on the two great Anglo-Saxon Powers who, since the annexation of the Transvaal by Great Britain, practically control the gold supply of the world.

In banking the decision took a longer time. On the one hand were the champions of the French State Bank system, with its banknote monopoly and an issue practically untrammelled by legislative restrictions. On the other hand were the partisans of a central bank on the English model, legally and administratively a private corporation, with its note-issue strictly limited under statute, but with semi-public functions and prerogatives.

For a long time it seemed as if, in banking, Germany would as closely adhere to the English model as it had done in currency, but, in deference to able critics, notably Mr. Ernest Seyd, a Fellow of this Institute, it was decided to modify the cast-iron English system, and the law of March, 1875, introduced what has since become known as the Elastic Clause.

Let me first give a few details about the German banking system. The 33 issuing banks which existed in Germany at the

date of the Bank Act, had been established under charters granted by the authority of individual German States. The new Act conferred on them an Imperial status. Only if they declined to accept its provisions was their activity to be limited to the State of their origin. Thirty-two of the existing banks accepted the Empire's terms, the exception being the Brunswick Bank, which consequently, will remain a local institution till its charter expires in 1952. Under the Imperial law all issuing banks have to renew their charter every ten years.

The leading and ever-growing position among these issuing banks is held by the Reichsbank. This bank took the succession of the former Prussian Bank. The latter having been a private institution, the Reichsbank was nominally constituted as a private limited liability company. But its organisation is of special character. It has a purely State administration. Its chief is the Imperial Chancellor. Its powers are exercised by a President, a Vice-President, and six members of the directorate, officially nominated. The accounts are audited by Imperial officials, and the Empire participates in the profits. The shareholders are represented by a permanent central committee. It consists of 15 members and 15 alternates, whose office is honorary. As a matter of fact, this committee is composed of the representatives of the leading banks and bankers of Germany, and forms thereby a connecting link between the great Central Bank and the outside institutions which has worked very beneficially in Germany. This committee meets once a month the directors of the Reichsbank, when it receives the weekly returns, with details of the discount and advance business, of the circulation, and of the reserves. It has only a consultative voice, but its advice is asked on different questions, such as raising or lowering the bank-rate, selecting the securities admitted as cover for advances, etc.

The capital of the Reichsbank was originally M. 120,000,000, but has, by the Act of June, 1899, been raised to M. 180,000,000.

The Imperial regulations of the note-issue provided that all banknotes must be covered as to one-third by cash, and as to the remaining two-thirds by bills of exchange with a maximum currency of three months. The total note-issue is limited to the cash in hand *plus* a certain fixed amount, for which a fiduciary issue is allowed, the "cash in hand" in this connection meaning gold in any form, current German coins, Imperial paper money, and notes of other German banks. The fiduciary issue of the 33 German "Note-Banks" was originally fixed at M. 385,000,000. Here is the list of the different banks and their quota in the fiduciary issue.

1. Reichsbank	...	...	...	...	M. 250,000,000
2. Ritterschaftliche Privatbank (Stettin)	...	...	...	...	1,222,000
3. Städtische Bank, Breslau	...	...	...	...	1,283,000
4. Bank des Berliner Kassenvereins	...	...	...	...	963,000
5. Kölnische Bank	...	...	...	...	1,251,000

6.	Magdeburger Privatbank	...	...	...	M. 1,173,000
7.	Danziger Privat Actienbank...	...	...	...	1,272,000
8.	Provincial Actienbank, Posen	...	...	...	1,206,000
9.	Kommunalständische Bank, Görlitz	...	...	...	1,307,000
10.	Hannoversche Bank	...	...	...	6,000,000
11.	Landgräfllich Hessische Landesbank	...	...	...	159,000
12.	Frankfurter Bank	...	...	...	10,000,000
13.	Bayerische Bank	...	...	...	32,000,000
14.	Sächsische Bank	...	...	...	16,771,000
15.	Leipziger Bank	...	...	...	5,348,000
16.	Leipziger Kassenverein	...	...	...	1,440,000
17.	Chemnitzer Stadtbank	...	...	...	441,000
18.	Württembergische Notenbank	...	...	...	10,000,000
19.	Badische Bank	...	...	...	10,000,000
20.	Bank für Süddeutschland	...	...	...	10,000,000
21.	Rostocker Bank	...	...	...	1,155,000
22.	Weimarische Bank	...	...	...	1,971,000
23.	Oldenburgische Landesbank...	...	...	...	1,881,000
24.	Braunschweigische Bank	...	...	...	2,829,000
25.	Mitteldeutsche Kreditbank	...	...	...	3,187,000
26.	Privatbank Gotha	...	...	...	1,344,000
27.	Anhalt Dessau Landesbank	...	...	...	935,000
28.	Thüringische Bank	...	...	...	1,658,000
29.	Geraer Bank	...	...	...	1,651,000
30.	Niedersächsische Bank	...	...	...	594,000
31.	Lübecker Privatbank...	...	...	...	500,000
32.	Kommerzbank, Lübeck	...	...	...	959,000
33.	Bremer Bank...	...	...	...	4,500,000
					<u>M. 385,000,000</u>

Almost immediately after the Imperial Bank Act came into force in 1875, thirteen banks (viz., Nos. 2, 4, 9, 15, 22, 23, 25, 26, 27, 28, 29, 30, and 31 of the above list) relinquished their right of issue which, together, amounted to M. 22,561,000. The Act provided that should any of the issuing banks abandon or lose their note privilege, its fiduciary issue should be added to that of the Reichsbank. The latter's privilege was, therefore, almost from the start, raised to M. 272,561,000. During subsequent years twelve more banks (viz., Nos. 3, 5, 6, 7, 8, 10, 11, 16, 17, 21, 32, and 33 of the above list) abandoned their note privileges, which added another M. 20,839,000 to the total of the Reichsbank. This amounted then to M. 293,400,000, and, at that figure, it stood for a number of years. The fiduciary list of the German banks had thus been reduced to the following number.

1. Reichsbank	...	...	...	...	...	...	...	M. 293,400,000
2. Frankfort Bank	...	...	...	...	...	...	...	10,000,000
3. Bavarian Bank	...	...	...	...	...	...	...	32,000,000
4. Saxon Bank	...	...	...	...	...	...	...	16,771,000
5. Württemberg Bank	...	...	...	...	...	...	...	10,000,000
6. Baden Bank	...	...	...	...	...	...	...	10,000,000
7. Bank für Süddeutschland	...	...	...	...	...	...	...	10,000,000
8. Brunswick Bank	...	...	...	...	...	...	...	2,829,000
								M. 385,000,000

In course of time the progress of business in Germany made it clear that the figures fixed for the fiduciary issue had to be reconsidered, and the Act of June, 1899, raised the note privilege of the Reichsbank to M. 450,000,000. The Government had proposed only M. 400,000,000, but the Reichstag raised the sum to M. 450,000,000. The total fiduciary issue of Germany was thus fixed at M. 541,600,000. This figure became statutory in January, 1901. In March, 1901, the Frankfort Bank abandoned its M. 10,000,000 note privilege, and in June, 1902, the Bank für Süddeutschland followed with its M. 10,000,000. This leaves to-day six issuing banks in Germany, dividing the fiduciary issue of M. 541,600,000. The Reichsbank has M. 470,000,000, the remaining five banks M. 71,600,000, including the Brunswick Bank with its local M. 2,829,000 issue.

As stated above, however, the German fiduciary issue does not constitute an absolute limit. Section 9 of the German Bank Act reads as follows:—"Banks whose circulation exceeds their cash *plus* their share in the fixed fiduciary issue have to pay to the Imperial Exchequer on the excess issue a tax of 5 per cent. per annum. 'Cash' consists of German coins, Imperial paper money, notes of German banks, besides gold and foreign gold coins calculated at M. 1,392 per lb. fine."

This section constitutes the renowned Elastic Clause of the German Bank Act. It has enriched the disputed ground of Banking Theory by an important additional controversy. It has added a new feature to German banking policy, viz., the "tax-free note reserve," i.e., the excess of the cash *plus* the fiduciary amount over the circulation. We recognise easily in this "tax-free note reserve" the equivalent to the "Reserve" in the banking department of the Bank of England. But we have no equivalent in England for the "*minus* reserve," which appears in the German bank statements whenever the circulation is subject to the tax, i.e., when the provisions of this elastic clause become operative.

It is not my province to-night to enter into a theoretical discussion of the merits of this clause. I shall content myself by examining its working.

The first bank to take advantage of this clause was the Bank of Saxony, which has paid tax under Section 9 every year since the Act came into force. The Bank of Würtemberg followed in 1889, and has since paid tax every year. In 1890 the Bank of Bavaria and the Bank of Baden began to pay tax, and have intermittently done so since. But these are details of local interest. General attention has only been directed to the effect of the Elastic Clause on the policy and position of the Reichsbank. The following is the table of dates and amounts of the over-issues of bank-notes by the Reichsbank. It shows growing recourse to the pro-

visions of Section 9, interrupted in 1901, when the fiduciary issue was revised :—

		Excess Circulation.	Tax.
1881.	31st December	M. 26,092,200 ...	M. 27,179.34
1882.	30th September	19,224,000	} 32,718.06
	7th October	12,184,300	
1884.	31st December	32,678,500 ...	34,040.32
1885.	7th January	2,615,300 ...	2,724.30
1886.	31st December	34,161,300 ...	35,584.73
1889.	30th September	71,824,200	} 235,966.38
	7th October	45,225,900	
	31st December	109,477,500	
1890.	7th January	50,399,200	} 338,627.71
	30th September	91,450,800	
	7th October	104,204,800	
	15th October	33,849,300	
	31st October	18,931,000	
	31st December	26,247,300	
1893.	30th September	38,517,690 ...	40,122.61
1895.	30th September	46,086,301	} 224,041.66
	7th October	20,709,895	
	31st December	148,283,795	
1896.	7th January	35,811,520	} 464,801.22
	31st March	44,008,225	
	30th June	34,328,672	
	30th September	119,558,561	
	7th October	78,352,771	
	31st December	134,143,422	
1897.	7th January	31,291,117	} 767,915.89
	31st March	12,189,540	
	30th June	28,197,149	
	30th September	205,829,552	
	7th October	171,036,711	
	15th October	70,265,650	
	31st October	39,024,022	
	7th November	7,083,688	
	31st December	172,281,834	
1898.	7th January	60,504,833	} 1,927,401.14
	31st March	70,478,234	
	7th April	20,899,051	
	30th June	129,523,423	
	7th July	65,723,356	
	30th September	276,496,927	
	7th October	241,841,460	
	15th October	167,037,390	
	23rd October	101,371,201	
	31st October	155,284,568	
	7th November	130,369,434	
	15th November	74,459,906	
	23rd November	6,062,750	
	30th November	36,654,865	
	23rd December	30,582,426	
	31st December	282,955,278	

		Excess Circulation.	Tax.
1899.	7th January	M. 147,096,243	
	15th January	34,083,149	
	31st March	109,905,732	
	7th April	52,620,554	
	30th June	138,704,569	
	7th July	95,253,262	
	23rd September	529,780	
	30th September	371,233,061	
	7th October	283,610,564	
	15th October	204,255,633	
	23rd October	125,111,446	
	31st October	187,683,462	
	7th November	146,267,057	
	15th November	101,185,206	
	23rd November	52,393,473	
	30th November	89,212,815	
	7th December	70,191,970	
	15th December... ..	50,372,058	
	23rd December... ..	136,076,334	
	31st December	337,615,993	2,847,294.14
1900.	7th January	209,076,165	
	15th January	47,700,377	
	31st March	238,259,329	
	7th April	134,419,833	
	15th April... ..	42,215,214	
	30th April... ..	33,184,581	
	30th June	158,643,308	
	7th July	41,048,095	
	30th September	292,531,250	
	7th October	248,799,646	
	15th October	131,739,018	
	23rd October	66,979,521	
	31st October	138,674,040	
	7th November	116,142,019	
	15th November	54,922,497	
	30th November	23,072,976	
	7th December	2,211,704	
	15th December... ..	9,533,638	
	23rd December... ..	72,108,240	
	31st December	355,917,412	2,517,852.97
1901.	7th January	65,995,930	
	31st March	16,347,335	
	30th September	108,601,148	
	7th October	39,176,396	
	31st December	108,456,421	352,684.62
1902.	30th September	151,015,199	
	7th October	76,503,876	
	31st December	231,638,836	478,289.49
1903.	7th January	72,628,154	
	31st March	125,514,615	
	7th April	27,068,533	
	30th June	44,587,518	
	30th September	153,987,512	
	7th October	74,321,008	
	31st December	274,949,399	805,267.44

		Excess Circulation.	Tax.
1904.	7th January	M. 99,861,153	1,118,373.21
	31st March	166,126,902	
	7th April	16,222,874	
	30th June	105,400,518	
	30th September	305,038,527	
	7th October	179,169,568	
	13th October	28,298,848	
	31st December	173,519,879	

The above table shows that the excess of note-issues is coincident with certain periods of the year when the internal movements of the currency are greatly increased. Such periods are the end of June, the end of September, and the end of the year, when enormous payments for salaries, rents, dividends, interest on mortgages, etc., have to be made. How large the increase of internal circulation is on these dates may be shown by the following instances, supplied by the returns of the Reichsbank :—

			Increase over previous week.
30th September, 1903.	Circulation	M. 1,515,581,000	M. 302,804,000
31st December, 1903.	Circulation	M. 1,565,490,000	M. 260,800,000
30th September, 1904.	Circulation	M. 1,599,067,000	M. 311,991,000
31st December, 1904.	Circulation	M. 1,599,784,000	M. 257,637,000

This explanation deprives the excess note-issue of any adverse significance, for it proves it to be a purely internal concern. It also justifies a recurrent readjustment of the fiduciary issue. The proper method of fixing the latter is by a reference to the average circulation, to which it should bear a businesslike proportion. In Germany the average circulation of the Reichsbank has risen from

M. 684,866,000 in 1876
to M. 802,178,000 in 1886
M. 1,083,497,000 in 1896
and M. 1,248,718,000 in 1903

The question which naturally suggests itself is whether Germany has derived any advantages from the working of the Elastic Clause. Have there been any beneficial effects?

The reply to this question is necessarily still somewhat controversial. Before answering, it may be of advantage to state the effects which have *not* resulted from the Elastic Clause. Here we are on a firmer basis of facts. Expressed in a single sentence, I may state that the clause has not caused a single one of the anticipated evils confidently predicted by nervous and apprehensive critics.

The most obvious, and, therefore, the most frequent criticism was that an elastic Bank Act would lead to a gradual reliance of the bank-note on the fiduciary rather than the metallic basis. The underlying assumption was that, because a commercial community had become possessed of a superior weapon for the defence of its monetary and financial position, it would gradually become careless, and cease to bestow that vigilance which a more exposed

financial position renders imperative. The following figures totally disprove this assumption, as far as Germany is concerned. They prove conclusively that the existence of an elastic clause has weakened neither the absolute nor the relative metallic cover of the German note-issue, and been no impediment to a continuous and rather remarkable growth of the total of the reserves.

	Metallic Reserves.	Reichsbank Total Reserves.	Metallic cover of Note Issue.
1876 ... (Average)	M.501,593,000	M.564,850,000	74.55 %
1886 ... "	693,105,000	724,487,000	86.40 "
1896 ... "	891,988,600	925,306,000	82.32 "
1900 ... "	817,137,000	853,849,000	71.77 "
1901 ... "	911,411,000	947,189,000	76.57 "
1902 ... "	982,202,000	1,018,180,000	79.88 "
1903 ... "	904,947,000	942,508,000	72.47 "
1904 ... "	926,669,000	972,063,000	71.92 "
14th Feb. 1905 ...	1,110,288,000	1,159,657,000	92.94 "

A second objection to the clause was that it would adversely affect the foreign exchanges, and thus lead to gold exports from the country. Here, again, experience has proved that nothing of the kind need be apprehended. Where the clause had any effect whatever on the foreign exchanges, it was to make them more favourable. For the Reichsbank, having to pay 5 per cent. interest, under Section 9, generally raised its rates of discount when the note-issue became subject to the tax, and dear money, in Germany as elsewhere, has tended to lower exchanges, and, ultimately, to cause an influx of gold. As proof, I need only refer to the experience of last year. In the middle of October the German bank-rate was raised to 5 per cent. Just prior to this measure the Reichsbank's reserves had amounted to M. 833,181,000, its metallic reserve to M. 789,444,000, while its note reserve was M. 179,169,000 "*minus*." Three months later, when the German bank-rate was lowered to 4 per cent., the total reserves had risen to M. 1,005,791,000, the metallic reserve to M. 968,299,000, while there was a "positive" note reserve of M. 31,085,000. In the Reichsbank returns of the 23rd of last month this note reserve reached M. 508,970,000, a record total.

The last objection was that, by favouring a greater reliance on a fiduciary issue, by raising foreign exchanges and producing gold exports, the Elastic Clause would finally create distrust in the German note, and thereby depreciate the German currency. Again, nothing of the kind has occurred. Once or twice since the establishment of the Reichsbank the exchange on London has temporarily exceeded the orthodox "Specie Point," but this passing phase has no more affected the status of the German currency than the value of a Bank of England note was affected when bar gold rose to 78s. 0½d. in the open market, though this price also implied a depreciation of sterling by over 2 per mille.

Not a single predicted adverse effect has therefore materialised by the action of the Elastic Clause in Germany. Let us now

consider whether the country has derived any positive advantages from the clause. Here we tread on ground where proof is more difficult. Yet there are one or two points so obvious and self-evident that they may be pronounced as practically settled by experience.

The first is that the Elastic Clause has enabled Germany to conduct her business with less gold than would otherwise have been necessary, or, put differently, has enabled Germany to conduct a larger business with the gold actually at her disposal. The German gold reserves have always been sufficient for the ordinary requirements. But, as we have seen, at certain periods of the year, exceptional payments—payments which increase every year with the growth of population and wealth—have to be made, causing the internal circulation to largely exceed the average. Without the Elastic Clause, these transactions could not be carried out without considerable changes in business. Either a further very large and, generally useless, amount of gold would have to be stored, or the Bank Act would have to be periodically suspended, or a new system of payment would have to be popularised. No such system would prove as acceptable to the Germans as their present method of paying in bank-notes, which are largely the substitute of the cheque in Germany. By the quiet and almost unobserved action of the Elastic Clause, Germany is tiding over all these periods of increased home circulation without a single hitch, nay, without the bulk of the population ever becoming aware that any important change has taken place in the character of the banking reserves. How important this point is will be seen from the following figures:—

	1890.	Reserve.	Other Securities.	Circulation.
Sept. 23rd	M. 808,577,000		M. 635,533,000	M. 991,563,000
„ 30th	752,260,000		780,506,000	1,131,733,000
	<i>decrease</i> M. 51,317,000	<i>increase</i> M. 144,973,000	<i>increase</i> M. 140,170,000	
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	1895.			
Sept. 23rd	M. 1,010,697,000		M. 679,239,000	M. 1,079,823,000
„ 30th	943,276,000		882,422,000	1,282,764,000
	<i>decrease</i> M. 67,421,000	<i>increase</i> M. 203,183,000	<i>increase</i> M. 202,941,000	
<hr/>				
	1900.			
Sept. 23rd	M. 865,082,000		M. 848,953,000	M. 1,112,509,000
„ 30th	758,035,000		1,080,728,000	1,343,962,000
	<i>decrease</i> M. 107,047,000	<i>increase</i> M. 231,775,000	<i>increase</i> M. 231,453,000	
<hr/>				
	1904.			
Sept. 23rd	M. 977,459,000		M. 844,064,000	M. 1,287,076,000
„ 30th	824,023,000		1,211,956,000	1,599,067,000
	<i>decrease</i> M. 153,436,000	<i>increase</i> M. 367,892,000	<i>increase</i> M. 311,991,000	

This little table shows the growing nature of these periodical demands for currency in Germany at the end of the third quarter of the year. Other quarters would give similar results.

It may be remarked that the genius of the business world of Germany would have found other solutions for the difficulties here presented if the Elastic Clause had not existed. But there is one advantage of this clause which it would be impossible to obtain from any substitute. I refer to the elimination of apprehension, sometimes of panic, which the knowledge of the existence of an absolute limit to the power of note-issue creates in times of difficulty. The City knows, by painful experience, the reality of this danger—the general scramble and struggle for accommodation once that a doubt as to the sufficiency of the existing reserves is spreading. From this apprehension the German business community has been delivered by the Elastic Clause. Some observers go further, and maintain that Germany has been saved, by this clause, from financial and commercial crises. They assert that more than once since 1876 such crises were predicted by competent critics—we all remember the confident assertions in the English Press to that effect—but they never came to pass, being averted by the liberal supply of credit. Probably these statements go beyond warrant. But it cannot be denied that, in the crucial times which followed the industrial collapse of 1901, and the later suspension of the Leipziger Bank, the Reichsbank, thanks to its freedom of action, was enabled to grant accommodation on the largest possible scale, and thereby saved every sound business. History supplies no more striking instance of immense national services rendered by a single bank.

One obvious reflection seems to suggest itself in this connection. If an elastic clause, with its greater freedom of action, confers the benefits here recorded, the French system of a practically unfettered note-issue should prove still more advantageous. Practice, however, fails to confirm this conclusion. In the first instance, the Bank of France is limited in a most important respect, viz., as regards its total note-issue. This total has been fixed so high that the limitation is without practical significance, nay, more, in case of need it will undoubtedly be raised, as on former occasions. But, eliminating this objection, there is another drawback attached to the French system. It fails to bring into relief the full significance of the bank's figures. Let us take the Bank of France's returns of 3rd November, 1904, and compare it with that of the middle of February.

3rd November, 1904—

Gold	Fr. 2,596,461,500	Circulation ...	Fr. 4,445,367,300
Total Cash ...	3,693,488,500		

16th February, 1904—

Gold	Fr. 2,813,082,500	Circulation ...	Fr. 4,341,327,705
Total Cash ...	3,915,512,300		

In about three months, therefore, the Bank of France shows a decrease in circulation of £4,161,700 and an increase in gold of £8,664,900. In Germany, as in England, this would constitute an increase in the bank's reserve of £12,826,000. In France these figures are not brought out in their full significance, and the country fails to obtain the stimulus to business which such enormous accession of strength ought to produce.

Before concluding it may be expected that I should touch upon a question sometimes discussed in the Press, viz., whether the addition of an elastic clause to the Peel Act is desirable. Already some thirty years ago, a Chancellor of the Exchequer proposed such an addition, though under provisions which would have rendered the alteration practically useless. With regard to this question, I may at once state that the business conditions of this country do not demand the same elasticity of the note-issue as in Germany. The Bank of England, it is true, experiences several times a year an increased demand for accommodation. But the bulk of the money then borrowed is not taken into circulation in the shape of notes, but reappears on the other side of the Bank Returns in the "deposits." The transactions, in fact, constitute only "book entries." That is why they are frequently described as "window dressing," a most imperfect designation. The following table shows that, while the total of the displacements at the Bank, at the quarter's end, is growing, the loss in reserve is little altered, and therefore does not call for any special legislation.

1890.	Other Securities.	Other Deposits.	Reserve.
17th September ...	£21,842,288	£27,790,345	£13,672,750
1st October ...	26,089,629	29,042,970	11,221,867
<i>increase</i>	<u>£4,747,341</u>	<i>increase</i> <u>£1,252,625</u>	<i>loss</i> <u>£2,450,883</u>
1900.			
12th September ...	£25,012,180	£38,895,220	£24,628,637
3rd October ...	29,617,307	43,574,947	22,218,582
<i>increase</i>	<u>£4,605,127</u>	<i>increase</i> <u>£4,679,727</u>	<i>loss</i> <u>£2,410,055</u>
1904.			
24th December ...	£28,618,258	£40,453,192	£22,003,362
23th December ...	35,463,898	44,321,197	20,173,062
<i>increase</i>	<u>£6,850,640</u>	<i>increase</i> <u>£3,868,005</u>	<i>loss</i> <u>£1,830,300</u>

Another remarkable feature which must be considered in this connection is the more or less stationary character of the total bank-note circulation in this country. We have seen above the constant and great rise of circulation in Germany. In England we have the following figures:—

							Circulation.
1st week, January, 1880	...	...	...	...	...	...	£27,867,782
" " 1890	...	...	...	...	...	...	24,673,490
" " 1900	...	...	...	...	...	...	28,327,820
" " 1905	...	...	...	...	...	...	28,607,725

Where the circulation is showing such comparatively small changes, the necessity for a reconsideration of the fiduciary issue does not impose itself.

But although the technical position of business conditions in England makes it comparatively easy to dispense with an elastic clause, there is little doubt that, in several directions, the latter would prove of advantage also in this country. It certainly would entirely dissipate all apprehensions as to the sufficiency of our banking reserves. These reserves are, to-day, on the whole, larger than formerly, and the outlook is for their further increase. Yet there is, in certain organs in the Press, a constant wail for more and more gold. To the student this cry must appear a sign of weakness. Banking is not hoarding, nor is the larger reserve a proof of greater safety. The art of banking consists in combining the remunerative employment of the largest proportion of the funds in hand with absolute liquidity. Any office-boy can conduct a bank by holding excessive gold reserves. Among nations, we find the most backward requiring the largest "visible" reserves to maintain their credit. But so persistent has, of late, been the cry for larger and ever larger gold reserves that few bankers have had the courage to point to the retrograde nature of this advice. Thus, to-day, it is difficult to say where to draw the line. For there seems no finality in the demands of these critics. Their appetite grows with the feast. Probably 100 per cent. cover in gold would satisfy them. There is only one excuse for all this reactionary writing, the theoretical possibility of a temporary breakdown in our credit system. Against such a possibility an elastic clause would be an absolute guarantee. If it did nothing else it would free England from this nightmare.

But Germany need not trouble how far the Elastic Clause would suit other nations. Its adoption in Austria and some minor countries has caused her no emotion. For her it suffices if her own business is furthered and facilitated. My remarks to-night are intended to show that a close examination into the workings of the Elastic Clause fails to bring out a single instance where its effects have been detrimental, while there is strong presumption that, by giving her note-issue greater freedom, Germany has added to the defence of her business interests a weapon, modern, progressive, and ingenious, which has probably formed one of the most effective, if less obvious, causes of her remarkable progress in commercial and industrial activity.

DISCUSSION ON MR. SCHMIDT'S PAPER.

Mr. D. M. MASON: Mr. President and gentlemen, I think that we all owe a very deep debt of gratitude to Mr. Schmidt for the very able and excellent paper he has favoured us with to-night. I would only advert to one or two of the matters raised in the paper which have struck me as being particularly interesting, and these are contained more or less on the last page, and which refer to our own Act, the Peel Act of 1844. I think, if my memory serves me right, the French Government, in 1866, held an inquiry into the causes governing currency and banking, and it was there maintained that, so far as the issue of notes was concerned, absolute freedom might be given in the issue of notes, provided the notes were made payable in gold on demand. That, to my mind, is the fundamental principle of a note issue. If the note issues are made payable in gold on demand, I do not think we need have any fears of an inadequate gold reserve, because it is evident if these notes are thrown back on the banks they would automatically provide a gold reserve to provide for their conversion. Mr. Schmidt points out, very pertinently, that the fact of holding or keeping a large gold reserve is very largely overdrawn, and its importance largely overestimated, owing to a lack of appreciation of what he considers sound and legitimate banking. It seems to me, with regard to this question of an elastic clause being added to the Peel Act, although I apprehend a 5 per cent. tax is intended to meet the fear that exists of inflation or excessive issue of notes, theoretically I must agree with the solution which was evolved in the French inquiry that there need be no fear, but possibly it might be advisable to have such a restriction. I quite agree with Mr. Schmidt and Mr. Hansard,* that if such a clause were added to our own Act it would unquestionably be of immense value in removing that fear of panic when accommodation cannot be secured. In addition to that, I think members will agree that it is rather a barbarous system we have in this country when we feel, as bankers know, that in times of panic we can only achieve the tiding over of that trouble by breaking the law of the land. Surely, it is evident that a law, which only takes effect by breaking it, is antiquated, and therefore one worthy to be looked into and brought up to date, so that we may be on a par with Germany and other nations. I may point out also, possibly what may appeal to many, that we do know in this country that just because of the lack of such a clause, we have a system—twice a year in Scotland more particularly—of transference of gold to Scotland, at the two terms of the year, spring and autumn, owing to the

See page 219.

Act which compels these banks to increase their gold reserves. Gold is sent up there in boxes and brought back again never opened; so we see a very eloquent example of our rather antiquated system in this country. I think, therefore, that is an added proof of the need of some reform to bring us more up to date with present-day methods. I do not know there is any other point in the paper which appeals to me personally, but I would only like, in conclusion, to congratulate Mr. Schmidt on his lucid paper and its very interesting nature from beginning to end.

Mr. SCHUSTER: Let me first say that our President had to leave, and he asked me to occupy his place temporarily to-night. Perhaps I ought to be speaking from the other side of the table instead of from this chair, therefore, you must not take my remarks as coming from the chairman of the meeting, but simply as from a private member of this institution. I wish—and I am sure you all agree—to tender our very hearty thanks to Mr. Schmidt for his very interesting and valuable paper. Before commenting on the subject of the paper, I should like to congratulate him also on this, that he has kept it within very reasonable limits, and kept very strictly to the point, so that it gives us an opportunity for discussion. I am sorry there is not a greater number here who are willing to take part in the discussion, but I always feel it would be desirable if the papers that are read here were a little shorter, that is to say, confined themselves, as Mr. Schmidt has done, to one point only, so that we could discuss it freely without having to look forward to the black looks of the hosts of the evening who may be expecting us to dinner, and whom we may be keeping waiting. Well, this paper is extremely interesting and valuable. We have so often heard reference made at our meetings to the Elastic Clause that I am sure it is of the greatest interest and benefit to us to know exactly what it means, and how it has worked, and this is what Mr. Schmidt has very clearly brought out to us. One interesting feature he brought out on page 200. It is not immediately connected with this Elastic Clause, but it refers to the constitution of the Imperial Bank. This central committee, to which attention is drawn—an honorary committee—consists of representatives of the leading banks and bankers of Germany, gentlemen who form a connecting link between the great central bank and outside institutions and the commerce of the country generally. I think that is one of the most interesting and most satisfactory features of the constitution of the Reichsbank, and I must confess I do not know whether it would be possible or practicable to introduce such a committee here in London; but what is felt here—and I think we all have felt it—is that there is a lack of touch between the central institution and the outside banks and commercial community generally. Through such a committee the central

institution might convey information which would be valuable to other representatives of banking and commerce. On the other hand, the private banks, outside banks, joint stock banks, may have information—I have maintained that often they do have information—which may be valuable for the central institution to possess; yet there is no recognised means for confidential communication of that kind, and a committee of this sort, even though an informal and unofficial one, would be, I think, most useful if it could be introduced here. As to the next paragraph, I should like to ask Mr. Schmidt one question, which, perhaps, he will be kind enough to answer at once. I take it one-third of the note issue has to be covered in cash and two-thirds always by bills of exchange?

Mr. SCHMIDT: That is right.

Mr. SCHUSTER: Well then, now when you come to the fiduciary issue, is that covered by bills of exchange also?

Mr. SCHMIDT: One-third in cash and two-thirds in short bills.

Mr. SCHUSTER: Where does the fiduciary character of that come in?

Mr. SCHMIDT: Because the total may exceed the total cash in hand. You mean the excess fiduciary?

Mr. SCHUSTER: Yes.

Mr. SCHMIDT: You see one-third must always be in cash and two-thirds in short bills. That is never altered. In addition to that, if the issue, the total issue, exceeds the fiduciary issue plus all the cash in hand, then comes the excess issue.

Mr. SCHUSTER: But how is that excess covered?

Mr. SCHMIDT: Also covered by one-third in cash, and two-thirds in bills.

Mr. SCHUSTER: So it is really an extension of the limit to the issue, and the actual character of the cover remains entirely unchanged?

Mr. SCHMIDT: Always.

Mr. SCHUSTER: Below the first table on page 205 there is a paragraph which, I think, ought to be interesting to us here. Mr. Schmidt refers to the periods of the year when the excess of note issue is coincident with the internal movements of the currency, which always increase then. Well, has it struck you that these periods are coincident with those periods when, in this country, all the papers talk about "window-dressing"? It is exactly the same thing that occurs here when great demands, at these stated periods, are made on the banks, when the banks have to meet certain demands. When these demands are made on the banks,

the banks have to take in large amounts from the market, and, naturally, these demands disturb the whole of Lombard Street, and they call it "window-dressing." In Germany it is done by excess issue, but the point I want to make is what Mr. Schmidt particularly explains as to what happens at certain periods of the year, whether it is in Germany, or London, or elsewhere, where demands for rent, interest payments, etc., have to be met, that is, recurring demands on the banks at fixed periods.

Now, I am afraid I am going on to much more debatable ground—and as I notice the expression, on page 205, "nervous and apprehensive critics," I will at once admit myself to belong to that class. As to whether it would be possible to have the Elastic Clause here, or whether it would be useful, of course, it would be useful to have it; I do not think there can be any difference of opinion on that at all. I think it would be most useful if such a clause could be introduced in our Bank Charter, but I do not think it would simply do to tack it on to the Bank Charter as it stands at present. A great many more precautions would be necessary, and I would confine the working of such a clause only to such cases which would now compel the Chancellor of the Exchequer to interfere by suspending the Bank Charters altogether. The conditions are totally different in London from what they are in Germany. One more question I would like to ask Mr. Schmidt, and that is as to the convertibility of the bank-note. What is the actual obligation of the Reichsbank?

Mr. SCHMIDT: To pay them in current coin of the realm.

Mr. SCHUSTER: What I wish to know is, can the holder of that note go to the Reichsbank and say, "I want so much gold for that note"?

Mr. SCHMIDT: No, he could be paid in silver thalers.

Mr. SCHUSTER: Here you have the difference; the holder of a Bank of England note has the right of demanding payment in gold, and nothing but gold. In Germany the note is paid in legal tender or the current coin of the nation, whatever that may be. You see what a vast difference it is, and how much more necessary it is for us to keep a sufficient gold reserve in London to meet those possible demands, where the obligation exists, and where the necessity exists, when we are the only country in the world to pay notes in gold.

On page 209 I come to a paragraph which I have marked with an emphatic "No"; that is Mr. Schmidt's reference to book entries, which is part of his argument that our gold reserves are quite large enough—I think he goes so far as to say they are entirely excessive. I am quite of another opinion, and will say they are not nearly large enough. We all know that at various periods of the year there is a very large amount of

borrowing from the Bank of England. The amount is, say, £15,000,000—it has reached £15,000,000. I do not think that an excessive figure to name. It has a constantly growing tendency, and, in ordinary times, as Mr. Schmidt has said, this is only a book entry—it goes from one ledger into another; so long as times are quiet and peaceful, and everything goes well, that will always be so, but the essence of a reserve is to be available for times when things are not so quiet, and it does not follow—it is not a natural law—that those amounts which are borrowed from the Bank of England will be placed to the deposit account on the other side. Not at all. A case may arise when they have to be taken out of the Bank, either in notes or in gold. We have not had such a thing as a gold crisis, or a gold panic, for many years, but still it is not without the range of possibility that one should come, and for such times we should be prepared. That is the very essence of reserve; and quite recently, when the foreign exchanges were all against us, it was quite possible that just during one of these periods a very large amount might have been taken out of the Bank—many millions. Again, on page 210—it is the last remark on the matter I have to make—is Mr. Schmidt's reference to the sufficiency of our bank reserves. Now, I hope Mr. Schmidt will forgive me—I think there is a little confusion of thought here. The ordinary banking reserves have really nothing to do with the question we are discussing to-night at all. You are discussing the currency of a country, and the conditions which are imposed on the leading State Institution which has to regulate that currency. The question of the outside banking reserves is quite a different one. It behoves every bank so to conduct its business—I am taking the outside banks, not the State bank, that has a note issue, but the banks to which Mr. Schmidt refers as keeping too large reserves, and who have got nothing to do with the currency of the country; to keep such reserves in hand in legal tender as may enable them to satisfy, not only the ordinary demands, but the exceptional demands that may arise from time to time. Each bank must judge according to its own accounts, and must judge the probabilities according to what may be their own experience as to possible requirements. But a reserve means, to my mind, something which should be there, and always there, beyond your daily requirements, beyond your till money, and whether this reserve, bank reserves which happen to be held by the Bank of England—which question is purely coincident and has nothing to do with the currency of the country at all—whether these reserves are too large, as Mr. Schmidt seems to maintain, I think that is a question on which I am not disposed to agree with him at all; because, take the average of the published accounts, that is 15 per cent.—I think the London Clearing House banks that publish their accounts

show, on the whole, an average of 15 per cent. in cash; in New York it is necessary that the banks should hold a reserve of 25 per cent.—but 15 per cent. has been found quite sufficient for the ordinary needs of our business—perhaps a little more, but for extraordinary demands, which may arise at any time, I do not think that amount is excessive, if anything, to my mind, it is rather below the mark than above it, and if Mr. Schmidt will find me that office boy who can conduct business with an excessive gold reserve, and yet be able to earn a dividend for the bank——

Mr. SCHMIDT: I did not say that.

Mr. SCHUSTER: I think he will be worthy of a very large salary indeed. Therefore, I am not at one with him here, and with his general conclusions—"But so persistent have, of late, been the requirements for larger and ever larger gold reserves that few bankers have had the courage to point to the retrograde nature of this advice." I maintain that the advice is not retrograde at all; it is progressive, and the stronger the banks keep themselves, surely, the greater the benefit to the commerce of the country all round. The question of the gold reserve in the Bank of England has nothing to do with this part of the subject. We have been discussing it here from time to time. I am certainly one of those hysterical people who believe there ought to be a larger gold reserve in the Bank of England, considering the huge liabilities which may at any time become due, and the huge demands for gold which may at any time suddenly arise. Do not compare those figures of the German Reichsbank with those of the Bank of England. The Bank of England figures must be considered together with the deposits of all the joint stock banks of the country, deposits which amount to something like £800,000,000 taking it all round. Such a thing does not exist in Germany; the whole business of that country, as has been pointed out in this paper, is carried on, or the greater part of it is carried on, by means of the bank-notes. Here it is the banks themselves that replace the bank-note by issuing their cheque-books to their customers. Each individual makes his own bank-note to any amount, and eventually that bank-note is payable in gold. In Germany they have a different system altogether, a different currency, and it is our pride and our boast that we are the only country that has a real gold standard—that is to say, a currency which must always be payable in gold, and for that it is our duty to maintain proper and reasonable reserves, and, considering the huge amount of the liability, I think the reserves in the Bank of England cannot be called excessive at all. There is only one remark which I omitted, and that is that Mr. Schmidt has pointed out how the note circulation in Germany has grown compared with ours, which has been stationary. That is again

explained by the fact that the banks here do all the business that is done by the bank-note in Germany, and you have a much larger growth in the banking deposits; much larger in proportion than the growth of the note issue in Germany, so that the conclusion which might be arrived at from this paper, that our business is stationary, would be entirely erroneous. I do not mean to suggest that the inference was intentional at all, but I mean without considering the growth of the bank deposits, which, as we all know, has not only been constant, but astonishingly rapid and very large indeed, one might be tempted to arrive at erroneous conclusions from this part of the paper. I am afraid my remarks have been very lengthy, but I wish once more seriously to protest against the tendency of relaxing all precautions which have been thought necessary, especially as both Mr. Hansard* and Mr. Mason were inclined to follow the reader of the paper in his argument that we are doing too much in the way of reserves. I think, on reflection, perhaps, you will agree that we are not really erring in that direction at all.

MR. MASON: Pardon me, my point was that if a note is made payable in gold on demand, that would automatically compel us to maintain the reserves. That is my point.

MR. SCHUSTER: I did not quite follow that.

MR. MASON: My point is—if I may take up the time of the meeting—to my mind, the essence of sound banking consists in the very point you referred to, of making the note payable in gold on demand, and if other bankers in this country were allowed a continuous issue, and the issues were made payable in gold on demand, that would automatically compel them to maintain their reserve against these notes, and the currency would then obtain an elasticity which it lacks at present, because, as the notes went out of circulation, the bankers automatically would increase their reserves to meet these notes if they were thrown back upon them. The mere holding of a huge gold reserve does not constitute sound banking. There is more than that in sound banking—there is the question, as Mr. Schuster will agree with me, of advances, etc., but if we had a more free issue of notes payable in gold on demand we would automatically hold large gold reserves, whereas, under our present system, the mere keeping of large gold reserves would indicate an inelastic currency as at present.

MR. STEELE: I should like to point out that the argument that the mere fact of endowing notes with the quality of convertibility will automatically provide gold to meet them, is a pure fallacy. I am unable to follow the argument that the mere endowing of a

* See p. 219.

note with the right of payment on demand will create a gold reserve.

Mr. SCHUSTER: I think Mr. Mason has explained that. I was also puzzled by the statement he referred to, but what he had in his mind, as I understand it, was the possibility of other bankers being given power to issue notes, and holding against those notes a proper reserve which, of course, in that case, would increase the total holding of a stock of gold throughout the country, but I am afraid we have got off the line altogether, because, so far as I can see, we needly hardly discuss such a possibility.

Mr. MASON: My point was that when a banker knew he had a considerable note issue outside he would naturally, in view of that liability, create his own gold reserve.

Mr. STEELE: It comes to this—instead of automatically, Mr. Mason means naturally, which is a very different thing.

Mr. R. DOBSON: Perhaps I might be permitted to make one remark with regard to the question which has arisen, and that is that the teaching of English bank history is that when bankers can freely issue their own notes they do not provide sufficient gold reserve. There we have the testimony of historical fact. I should like to ask Mr. Schmidt are all the German bank-notes, whether issued by the Reichsbank or by others, legal tender?

Mr. SCHMIDT: No, not one.

Mr. DOBSON: I do not want to act upon it; I only want to know it as a matter of fact. Mr. Schmidt remarked at the end of his paper that, among nations, we find the most backward requiring the largest possible reserves to maintain their credit. I do not know whether Mr. Schmidt wished to imply that the smaller the reserves the nation held the more advanced it was.

Mr. SCHMIDT: That is the case.

Mr. DOBSON: Well, that being so, it will be rather dangerous for those nations to accept this as a principle and push it to its logical conclusion. If Mr. Schmidt really means that the most advanced nation will be able safely to work with a smaller reserve than the more backward nations, I quite agree with him, but I would ask whether it is not a fact that, at the present time, this country works with a smaller gold reserve than any other nation, if we consider it relatively to the liabilities of which it is the basis; and, in considering these liabilities, as has already been pointed out by the chairman, he must consider the total deposits of this country, which amount to about £800,000,000.

Mr. SCHMIDT (in reply): I am afraid there is not much for me to answer. The discussion has mostly travelled beyond the scope of my paper. However, I should like to say that with regard to the

sufficiency of our gold reserves our chairman and I look upon this subject from different standpoints. I quite agree that, under present conditions, banks are hardly safe with the existing reserves. Nay, I go further. Should a real credit crisis arise, these reserves may not be sufficient unless they amount to full 100 per cent. The only thing that will stop a panic is the knowledge that there is an unlimited reserve. In other words, the suspension of the Bank Act. An elastic clause would do away with that necessity. It would remove the cause for apprehension, and, under then existing conditions, we need not trouble about the sufficiency of our gold reserves. They would take care of themselves, provided the assets of our banks are solid, and only require the Bank of England to possess the power of issuing notes in order to be made liquid. The question is, which is better for the country—to modify the Statute, now over 50 years old, and dating back to a period of quite different business conditions, or to go to the expense of accumulating reserves which, when really wanted, will never be efficient unless covering 100 per cent. of the liabilities? It is on the answer to this question that I, unfortunately for me, differ from our chairman. I emphasise the statement that I am no advocate of insufficient reserves, with or without the Elastic Clause, but I think there are important points in banking besides the mere holding of gold. The power and the control of the foreign exchanges is of such importance. It is probably even a more important factor than the mere display of gold. If the latter were the essential, Russia would be the strongest financial power in the world to-day. We know that she is not. The ability of foreign nations to protect their reserves by declining to part with gold has really nothing to do with our subject. For, at any rate in Germany, this power has never been used. Witness her foreign exchanges. Moreover it could only be used to the extent of her limited stock of thalers. But if this facility is used as an argument, it tells in favour, and not against, an elastic clause in this country. For, if such a clause was salutary in Germany, which possesses another line of defence, how much more salutary should it prove with us, unprotected as we are against sudden withdrawals of gold.

The following extract from a letter from Mr. L. Hansard to Mr. Schmidt was read to the meeting at the commencement of the discussion :—

“Without commenting on the figures and statistics you have given, I may say that personally I am a believer in the efficacy of the German system, and I think it would be a distinct advantage to us if we had some such clause as the one that is known in the German Bank Act as the Elastic Clause, tacked on to our Act of 1844. Although we have not had any actual suspension of the Bank Act since 1857, I believe that some such system for the automatic suspension of the limit of issue would be most beneficial to us, and would remove what you mildly term ‘apprehension,’ but which is often panic caused by unreasoning fear that borrowers will not be able to obtain accommodation.

"Speaking from a long experience I may say that I have never known a time when borrowers with really good security could not obtain loans, although they might have to pay a high interest, and might have some difficulty in selling their securities at a fair price.

"As regards your last paragraph on page 210, I am very glad you allude to what seems to me the hyper-sensitiveness of our critics, and even some of our bankers, on the subject of gold reserves. I think many of us attach far too much importance to this gold question, and I think one may fairly ask, as you do, where the limit of gold reserve is to stop. To judge from some of our Press critics and others, one would imagine that there was no gold in the world except at the Bank of England. This is too narrow a view to take, and leaves out of account altogether the International Money Markets, which, owing to the telegraph and otherwise, respond much more quickly than they did in former times; and independently of this the Foreign Money Markets have far more power nowadays than formerly. It should be remembered that at the time of the panic of 1857, which was caused by financial weakness in the United States, the cable between Europe and the Western Hemisphere did not exist. I agree with you that the outcry for gold on the part of some of our critics has been overdone. What is necessary, as you state, is that a banker should look to his securities being absolutely liquid and convertible.

"I hope some good will come of your paper.

"I am, yours very faithfully,

"LUKE HANSARD.

"Hermann Schmidt, Esq."

GILBART LECTURES.

By Sir JOHN PAGET, Bart., K.C.

First Lecture. Delivered January 23rd and 26th, 1905.

I do not profess to know much about politics or Parliamentary procedure, but it does appear to me that bankers have got a grievance against the present Government. For, as, of course, you are aware, the Ministry, about the beginning of last August, for the second year in succession, withdrew the Bills of Exchange Act Amendment Bill. As before, it was introduced by the Lord Chancellor, and got through the Upper House early in the Session, and it was read a first time in the Commons. It was down for second reading week after week. So far, at any rate, as appears from the official Parliamentary Reports no one gave notice of opposition to it, and it looked a mere matter of formal routine to put it through. But, week after week, the second reading was postponed; other measures, which I suppose the Government regarded as more important, got in arrear and began to look doubtful, and, finally, on August 7th, there appears in the Minutes of the House of Commons, the fatal entry "Bills of Exchange Act (1882) Amendment Bill (Lords); Order for second reading read and discharged, and Bill withdrawn." So it comes to this, that the Government have on two separate occasions definitely recognised that bankers are suffering hardship under the Gordon decision of 1903, by being deprived of the protection of Sec. 82 if they credit crossed cheques as cash before clearing; that the Lord Chancellor, by putting his name on the Bill and introducing it in the Upper House, must be taken as expressing the highest legal opinion to the effect that the law as it stands, or as it is interpreted by the Court of ultimate appeal, is undesirable and needs amendment; that the Government have twice signified their willingness and desire to put things straight, and have twice undertaken the task, but have twice, despite the absence of opposition and for no very obvious reason, turned it up. And, like the ever-memorable baby in *Midshipman Easy*, it was such a very little Bill. One clause only: "A banker shall be deemed to have received payment for a customer of a crossed cheque within Sec. 82, notwithstanding he may have credited the amount as cash before clearing," or words to that effect. One would have thought it might have been rushed through somehow. However, there it is, and you are thrown on

your own resources again. What expedients, if any, have been meanwhile adopted, and with what success, you probably know better than I. Or, apart from any alteration in previous book-keeping or banking practice, experience and increased watchfulness may have kept you out of the Law Courts. Certain it is that the question has not figured prominently in the reports since we last met.

One case there is on the subject, and that a somewhat remarkable one. Not only by what it decides, but by what it touches on or suggests, it seems to run into a whole string of banking questions, some of which we have previously considered here and left with a somewhat open mind. If, as seems not improbable, the following this case into its numerous by-paths and possibilities should prove the groundwork of all four lectures, I shall not regret it, and I hope you will not. It is a case which has puzzled many people, and it has been intimated to me that explanation and comment would be welcome. So far as the decision of a single judge goes, it seems to point to a possible way out of the Gordon difficulty, pending legislation, and that on lines similar to those I laid down to you last year. Further, as I say, it leads us to the consideration of a variety of interesting points, on which, with such guidance as it affords and our own increased experience, we may hope to come to some more satisfactory and positive conclusion than heretofore. The case is that of "Akro-kerri (Ashanti) Mines, Limited, v. The Economic Bank." It was decided by Mr. Justice Bigham on June 6th, 1904. It is reported in the *Law Reports*, 1904, 2 K.B., 465, in the *Times* of June 7th, 1904, in the *Journal of the Institute of Bankers* for October, 1904, and, I daresay, elsewhere.

The salient facts were as follows:—The plaintiff company had at their office in London a clerk named Nobbs, who acted as their secretary. From time to time he fraudulently procured the directors to sign cheques, drawn on the company's bankers, and made payable to the order of different persons with whom the company were in the habit of doing business. The cheques were crossed generally and then handed to Nobbs to be forwarded to the different payees. Nobbs, however, kept them for himself, forged the endorsement of the payees, and then handed them to the defendant bank, with whom he kept an account.

I must pause here for a moment.

I am giving you the facts from the statement in the report, a footnote to which informs us that the statement is derived from the judgment. You will notice that the cheques are said to have been signed by the directors and "made payable to the order of "different persons with whom the company were in the habit of "doing business."

Now the whole case was run, and successfully run, by the defendant bank on the lines that they were not holders for value but collecting for the customer and, therefore, protected by Sec. 82.

But if, as the words seem to imply, the names of the persons to whose order the cheques were payable were simply used by the ingenious Nobbs to disarm suspicion; if the cheques were not for any real business done by those persons for the company, if those persons were never intended to have anything to do with the cheques, would not the bank have been entitled alternatively as holders for value of cheques with a fictitious or non-existent payee? I strongly suspect that the cheques were drawn payable to So and So or order. It is so much the most usual form. But, even if they were drawn "pay to the order of So and So," it would make no difference. A cheque payable to the order of A. B. is payable to him or his order at his option by Sec. 8, sub-sec. 5. Therefore, if A. B. is fictitious or non-existent, a cheque to his order is a cheque with a fictitious or non-existent payee. Vagliano's case teaches us that a payee is fictitious if, although a real person, it is never intended by the person utilising his name that he shall have anything to do with the cheque or bill, and that this rule applies even where the name is put on for the purpose of fraud and in order to induce some innocent person to sign. In "*Clutton v. Attenborough*" cheques were obtained by fraud very similar to that in the case under consideration. They were obtained by representations that certain persons to whom they were made payable had done work for the Ecclesiastical Commissioners when no such work had been done, and the House of Lords held that a *bonâ fide* holder for value of such cheques was entitled to treat them as payable to bearer, on the ground that the payees were, in the circumstances, fictitious within the rule of Vagliano's case. In the *Economic Bank* case it was admitted that the bank acted *bonâ fide* and without negligence, and it is nowhere suggested that the cheques were crossed not negotiable. There may be some good ground why the doctrine was not applicable in this particular case, but the facts, as stated, certainly seem to suggest a second and alternative line of defence, viz., that even if the bank were not collecting, but were holders for value of the cheques by virtue of having credited them as cash before clearing, as, in fact, they did, they were still holders for value of cheques having a fictitious or non-existent payee, and so payable to bearer, and therefore were entitled to judgment just as the banks in the *Gordon* case were held entitled to judgment on the bearer cheques in that instance. It seems to me, at any rate, that this line of defence is worth bearing in mind in case any of your banks should find themselves the victim of a similar fraud. Whether it would avail you in a case of real collection, where the customer was himself the fraudu-

lent person, I will not stop to consider. I doubt whether it would. But the doctrine ought anyway to be of use where you collect for a customer himself innocent, who has taken for value a cheque so obtained; and that whether the cheque was crossed or not, so long as it was not crossed not negotiable.

And now to return to the particular facts of the Economic Bank case. The fraudulent Nobbs, as I said, paid the cheques into an account with the Economic Bank, which he opened in a sham name, that of Evans.

The Economic Bank carries on a limited or somewhat exceptional class of business. By its constitution its objects are described as being "to carry on the business of a bank, but so "that the company shall not engage in any discount operations "or make loans or permit any overdrafts."

Bigham, J., seems to have attached some importance to this. Presumably he considered that this character weighed against the inference that the bank took the cheques as their own. As you may remember, the Privy Council adopted much the same line in "*Gaden v. The Newfoundland Savings Bank.*" There they said the bank was not a discounting bank, and it was not to be assumed that they wilfully departed from their ordinary course of business, especially when, as in the case of a cheque, they got nothing out of the transaction. As I told you, they ironically asked why the bank should be such fools as to gratuitously guarantee the payment of the cheque, which was, in their view, the outcome of the contention against the bank. But I must say I think that this doctrine of the character of the bank precluding a particular operation otherwise falling within a specific category, from doing so, was considerably weakened by the Gordon cases. No doubt the big banks concerned in that litigation combine discounting with their other business; but the transactions in the Gordon case, the mere payment in of cheques to an account, were so far removed from ordinary discounting business, so obviously within another and equally important branch of the bank's vocation, namely, the keeping an account, or, what we still call collecting, that it seems to me very much to weaken the assumption that you cannot take as holder for value because you profess not to discount.

To pursue the history of these cheques. When Nobbs brought them to the Economic Bank, he filled up a paying-in slip and handed it with the cheque to the counter clerk, who entered the amount in a book kept for such purposes at his desk. The counter clerk then gave the cheque and paying-in slip to another clerk, who entered the particulars in the waste-book. The waste-book clerk then put the cheque into a box and handed the paying-in slip to the ledger clerk, who posted the amount there and then in the ledger to the credit of the account kept by Nobbs in the

name of Evans. The box was used as a receptacle for all cheques brought to the bank by customers, and it was cleared several times a day by a messenger, who took the cheques to Williams Deacon and Co., who are the clearing agents of the Economic Bank. Williams Deacon & Co. cleared the cheques in the evening, and the next morning informed the Economic Bank if any of the cheques had been dishonoured. If no such advice were received by 9.30, the Economic Bank entered the amounts to the credit of the customers in the pass-books, as of the date when the cheques were received. So it says in the report, but even if it is usual that the pass-books should be made up every day, this course could only be pursued if the pass-book was in the possession of the bank, which is not always the case.

Now, I have quoted the details of the bank's dealings with these cheques because the judge seems to have thought that there was something exceptional about them. But I imagine that the course of business adopted was much the same as that followed in most banks, and there was, anyhow, the entering to credit before receipt of the money from the paying bank. And these being the facts, we find the judge saying as follows:—

“Did the defendants receive the payments as mere collecting agents for Nobbs? It is argued they did not, because they gave Nobbs credit for the value of the cheques in their ledger before they sent them to Williams Deacon & Co. for collection, and so, it is said, made themselves holders of the cheques for value. But, in my opinion, the entries in the bank's ledgers did not make the bank holders for value. The entries neither conferred any right on Nobbs to draw the money out of the bank nor did they fix the bank with any liability to pay the money to him. It might have been different if the entries had been made in the pass-book for that book belongs to the customer, and the entries made in it by the bank are statements on which the customer is entitled to act.” Now, if that is meant as a general proposition, it is, to my mind, inconsistent with the Gordon case. I quite realise the pre-eminent reasonableness of Mr. Justice Bigham's distinction between the uncommunicated entry in the ledger and the express representation conveyed by the entry in the pass-book. Unfortunately, the Gordon decision precludes the recognition of this distinction. In so many words, it says that the uncommunicated entry is sufficient to fix the banker with the character of holder for value; that it does so has been reluctantly but universally admitted, and is the precise state of affairs which the recent abortive attempts at legislation were designed to remedy. If the Lord Chancellor had not understood this to be the result of the Gordon case, he would never have brought in those two amending Bills; they would have been unnecessary. It is absurd to suppose Mr. Justice Bigham would decide a case in the teeth of a judgment

of the House of Lords, but this part of his judgment has been interpreted as doing so. Even the head note in the *Law Reports* runs thus:—"Where the customer of a bank delivers to the "banker for collection a crossed cheque to which he has no title, "the fact that the banker credits the customer in the bank ledger "with the amount of the cheque before it is cleared does not "deprive the banker of the protection afforded by Sec. 82 of the "Bills of Exchange Act, 1882." And people, when they read this, said, not unnaturally, "Why that is exactly what we understood "the Gordon case to say it did do." But throw this head note overboard and let us see how it is possible to reconcile the two decisions. I think the solution is to be found in Mr. Justice Bigham's subsequent remarks and the peculiar facts of the case, to which I am now coming. They show that he was not enunciating a general proposition, but, in fact, differentiating from the Gordon case on the very ground I have before suggested, namely, an agreement between banker and customer precluding the banker from the position of holder for value, or, what I believe will some day be found to be the true inward meaning of the Gordon case, precluding the presumption of holder for value deducible from the crediting as cash with nothing to controvert or modify that fact. Now, the differentiating fact was this. Not only did the Economic Bank disclaim the character of a discount bank, but, according to their established custom, when Nobbs opened his account, they made him read and sign an application form which contained, among other things, a notice that no bills would be discounted and that cheques would not be paid against until cleared. I believe that is the explanation of the whole matter, and that, in using the words he did, the judge was not laying down any general principle inconsistent with the Gordon case, but referring simply to the particular facts before him, and holding that, on these facts, the entries in the Economic Bank's ledger did not make the Economic Bank holders for value of the cheques paid in by Nobbs; and that the main and essential fact which was the basis of this conclusion was the existence of this signed application form, in other words, this agreement between banker and customer. For the judge said as follows: "Suppose after the ledger entries "were made, but before the cheques were sent to Williams Deacon "and Co., Nobbs had asked the defendant bank to return him the "cheques, could the bank have refused to comply with his request? "Could they have said, 'No, the cheques are ours, for by entries "in our ledger, of which you know nothing, we have given you "credit for the amounts, and we have made ourselves holders "for value?' I think not. Nobbs, having regard to the terms "on which the business was carried on, would have been entitled "to say that he had never assented to any transfer of the cheques, "and that they were still his. In truth, notwithstanding the

“ledger entries, no credit was given to Nobbs, nor was it intended that he should have any credit, and if Nobbs had demanded the money, the defendants would have been entitled to refuse to pay it him.” I think myself that these words of the learned judge, “having regard to the terms on which the business was carried on,” are the key to the situation. I read them as referring to that application form which Nobbs signed, backed up, possibly, by the avowed course of dealing of the bank, and as discriminating this case from the Gordon case on the ground of agreement between banker and customer.

We are not told whether there was any particular memorandum or notice on the paying-in slips, and the judge does not refer to them, except in his statement of the facts, so we may leave them out of the question.

On no other construction than that I have just mentioned could Bigham, J., have said that credit was not given to Nobbs, or that he was not entitled to draw on the cheques, after Lord Lindley’s express statement that the moment cheques are credited to a customer he is entitled to draw against them; and on no other construction does the decision of the case seem supportable, or distinguishable from the Gordon case. I have no doubt the argument was pressed on the judge, as it has been on me, that agreement between banker and customer could not override the effect attached by judicial decision to the crediting as cash; that such agreement would be treated as a mere subterfuge or attempt at evasion; but the judge did not take that view, neither do I. The judge’s view that, in face of the course of business constituted by the agreement, the bank could not by an uncommunicated entry, and at their own sweet will, make themselves holders for value of the cheques, expresses what I have always felt to be a very strong ground for supporting the efficacy of such agreement. If the banker and customer agree that cheques are received only for collection or shall not be drawn against till cleared, or, in any other equivalent phrase, that the cheques shall not be the banker’s own, but that he shall hold them as agent for the customer and collect the money for him, how can the banker, without the consent of the customer and behind his back, nullify that agreement, transfer the property in the cheques to himself and force the customer to accept as an equivalent a debt from himself? Rescission of a contract requires the assent of both parties as much as the making of the contract itself; property does not pass from A to B unless A exercises his volition that it shall do so. The customer would be entitled to say, as Bigham, J., pictures Nobbs saying, “Oh, nonsense, you agreed to take these cheques as my agent and nothing else, they were to be my cheques till you got the money for them, I am not going to let you have them for yourself, and take your personal liability for the amount,

"which may be good enough, or may not; just you hand them 'back, or I shall call a policeman." Indeed, apart altogether from specific agreement, and on the mere facts of the Gordon case, it has always been a profound mystery to me how the independent individual action of the banker or his employee, a mere entry in a book, regarded by the banker himself as formal and provisional, and for his own convenience, without ulterior result, could operate to transfer property, to transmute his position from that of agent into that of principal, and produce the same results as the negotiation of a bill in payment for goods in ordinary mercantile dealing.

The view taken by the Court in "*Thomson v. Giles*," as long ago as 1824, always seemed to me supremely reasonable. In that case they seem to have fully apprehended these difficulties, and they held that however much a banker might enter undue bills as cash, he could not make them his own unless he showed authority from the customer justifying the appropriation.

The new departure, constituted by the Gordon case, has no counterpart or even analogy in any other region of law with which I am acquainted. I am not versed in criminal law, but I believe that, in humbler spheres, when a man entrusted with a bill for a specific purpose asserts a personal title to it and utilises it as his own property, judges and juries are apt to unkindly characterise such conduct as embezzlement, larceny by a bailee, or some such uncomfortable term. In that case of "*Thomson v. Giles*," this criminal responsibility of the banker was seriously put forward as the possible outcome of holding that such entry made the bills his own. And just think once more how infinitely more impossible it is to fix the banker with the character of holder for value when you find a distinct agreement in 'black and white between him and the customer that he shall not assume that position. If the banker and customer choose to enter into such a compact, what right has anybody to conclude that a respectable banker has broken his agreement and appropriated the cheque, to say nothing of the innate absurdity of his doing an improper action without a possibility of benefit to himself, as was emphasised by the Privy Council in the case I told you of. I therefore heartily welcome this decision of Mr. Justice Bigham's, as establishing your right to contract yourselves out of the Gordon decision. I cannot find that the case is down for appeal, so it remains only a decision of a single judge. I wish it had gone further, especially as it might ultimately have elicited from the House of Lords a statement that what they meant in the Gordon case was that where there was crediting as cash and nothing else, no agreement or understanding between banker and the customer to the contrary, they would assume that there was an agreement between banker and customer that the

banker should, or might if he chose, make himself holder for value of the cheque paid in, by the process of entering it as cash, and that the banker had done so, giving, and the customer accepting his personal liability as the consideration for it.

I am fully aware that there are in the Gordon judgments unqualified enunciations of general principles which, for the time being, preclude us from relying on this modified application, and the fact that the highest legal authority twice brought in a Bill dealing with the situation as existing in the crudest and most uncompromising form is well-nigh conclusive that that is the situation which, at any rate, for the present, has to be faced or circumvented. And the course of circumvention seems justified by the statement in the Gordon judgments that each case must depend on its own facts, while its method seems indicated by this judgment of Bigham's, J.

The main fact and the test of liability is, did the banker receive the cheque and payment as agent or as principal; and how can that be ascertained better, or, indeed, otherwise, than by looking to the relation between the banker and customer, and that must depend on the agreement between them. What then is the best method of establishing or evidencing such agreement? Naturally, that which has been proved efficacious first suggests itself, the application form exemplified in the Economic Bank case. Whether or no there are practical objections to the adoption of this plan you can judge better than I, to me it seems fairly inoffensive. Then there is the utilisation of paying-in slips with a memorandum on them that cheques are taken for collection only, and cannot be drawn against till cleared. Here, as we have elicited in past years, there is the difficulty that clients use their own paying-in slips or none at all, and would resent having to make out a new one at the bank counter in the rush of business. That I can quite believe. Lastly, there is the suggested notice in the pass-book. But the pass-book is, unfortunately, under a cloud, and I should hardly feel justified in attributing to any memorandum forming no actual or essential part of it, any positive significance as affecting the mind of the customer. So that the application form, subject to any practical objections which may occur to you, seems the most efficacious plan, next the paying-in slip, last the pass-book. One objection has been made to all these courses. It has been said that in the case of many customers you would have to break through the rule or the agreement so often, by letting him draw against uncleared cheques, that the rule would become nullified by the course of business; that a Court would treat it as abrogated by mutual consent. Well, there is something in the objection, but I do not think it is insuperable; it is really a question of degree in each case; and an occasional reminder to the customer that you were waiving the rule only as

a favour to him, and that it must not be regarded as a precedent, would go a long way to rebut the presumption of waiver by course of business. And, moreover, because you may have obliged A in this way, that can afford no ground for the assertion that the rule is no longer in force in the case of B, whom you have not so obliged. Course of business or the waiver of a stipulation are purely individual personal matters dependent on contract or variation of contract between two specified parties, with which outsiders have no concern, from which outsiders can derive no claim or interest. That principle is as old as the parable of the labourers in the vineyard. There might be a difficulty in establishing protection with regard to any particular cheque or batch of cheques you had allowed to be drawn against, but the facility would only be extended to trustworthy customers, with whom it ought not to be difficult to set matters straight if it proved they had innocently passed you a cheque to which their title was defective.

Or, I think the protection might be, as in the Gordon case, ^{has} these cheques and your position generally strengthen region of ^{more} made a term of the arrangement with the customer that all cheques honoured in excess of the actual available balance, composed of cash and collected cheques, would be treated as loan or overdraft, and they could be so treated in your books. We have not time to follow this suggestion into details. You would have your lien on the cheques as security for the overdraft. It has been here again suggested that a Court would take a different view of the transaction, and hold that in fact the uncleared cheques were drawn against, not an overdraft granted on the security of the lien. That I doubt. It seems to me open to the banker to adopt either course. Even in the absence of any agreement whatever, and in far more ambiguous circumstances, namely, where the money had been given over the counter and there was no account at all, the Court of Appeal, in "*Great Western Railway v. London and County Bank*," interpreted the transaction as an advance on the security of the cheques. So that when the banker comes forward and says, "that is what I did do, I let my customer have "an overdraft, looking to my lien on the cheques as security, I "did not let him draw against the cheques, I took them under "this agreement with him which stipulates that that is to be the "course of business between us," why should a Court go out of its way to put upon his transactions a construction diametrically opposite to his own statement of them, and the written document which supports that statement?

I am strongly disposed to believe that this recurrent idea that Courts habitually treat bankers as suspicious persons has been carried a good bit too far; I hear a great deal more of it from bankers than I do from lawyers, and it certainly derives no

countenance from this recent decision of Mr. Justice Bigham's, which, as I have shown you, supports the validity of an agreement which the upholders of this theory have always regarded as open to question.

As I told you, this Economic Bank case raises incidentally a lot of other points of general interest to bankers, some of them points we have previously considered here, and as to which there was, and may be still, a dearth of direct decision. Unfortunately, it stops short of definitely settling some of them, while it deals with others in a manner which seems open to adverse criticism. And the next such point touches a difficulty which suggested itself to me some time ago, and which, though I felt there must be some answer to it, I could not quite explain to my own satisfaction. As I told you, the Economic Bank, not being a clearing bank, forwarded the cheques to Williams Deacon & Co., who presented them, and handed over or accounted for the proceeds to the Economic Bank. ~~the usual, inevitable, invariable course~~ ^{it is the usual, inevitable, invariable course} put that be ascertain the proportion of banks which are not clearing banks to the relative only about sixteen clearing banks in London, and ~~and~~ ^{and} through their hands the mass of non-clearing and country business necessarily passes. And it was objected in this case that the Economic Bank were debarred from the protection of Sec. 82 by reason of their having availed themselves of this intervention of a clearing bank; that they had not received the money themselves from the paying bank. Counsel for the plaintiffs said "the section only applies to bankers who collect directly from the banks on which the cheques are drawn. Here the defendants did not do so, but sent them to Williams Deacon and Co., with whom they had an account." The bank's counsel said "the defendants were not the less collecting agents because they collected the money through Williams Deacon & Co. They could not conveniently do otherwise than collect it through another banker, not being themselves a clearing bank. If an agent employs a sub-agent he does not lose his protection as a collecting banker."

The judge does not specifically deal with this point in its simple form. One starts with a strong presumption against the theory that a non-clearing bank, receiving a cheque from a customer, loses the protection of Sec. 82 because it follows what I have already described as the practically inevitable course, of seeking the intervention of a clearing bank. It would be disastrous if such a contention were to be maintained. It would involve the necessity of every non-clearing bank undertaking the Herculean task of sending every cheque to the bank on which it was drawn, and personally receiving payment of it for the customer, an appalling prospect. I do not think there is anything in Sec. 82 itself which compels such an interpretation. A banker receives

payment for the customer, though he receive it from a person who has himself received it from the paying banker. The paying banker is not referred to in the section. The origin of the contention seems traceable to the words used by Collins, M.R., in the Gordon case in the Court of Appeal. He there said, speaking of the legislation on the subject of crossed cheques, "That legislation appears to me to have contemplated the existence of two bankers in reference to the transaction, namely, the banker by whom the cheque is presented for payment, and the banker upon whom the cheque is drawn." Again, in words approved by the House of Lords, he says that the banker will be liable if he does more than make himself a mere conduit pipe for conveying the cheque to the bank on which it is drawn, and receiving the money from that bank for his customer. Now, undoubtedly, taking these words in the strictest meaning, they do cast considerable doubt on the practice. If the Act only contemplates two bankers, the collecting and the paying, we have no right to interpolate a third. If the protection is to be strictly limited to what is absolutely incumbent on the banker by virtue of the crossed cheques legislation, we cannot honestly allege that the clearing house is an original and intrinsic element in that duty. It is a practical necessity owing to the magnitude of business, but we cannot fairly say that an individual transaction of collecting a crossed cheque could not be carried out without resorting to the clearing, and that is the way we must look at it.

So, again, the conduit pipe test. A conduit pipe may lead into another conduit pipe, but it is inconsistent with the otiose, inanimate idea of a conduit pipe to imagine it consciously diverting the course of that entrusted to it for transmission. The customer, putting the cheque in at one end of the conduit pipe, his banker, must be taken to suppose that the other end of the pipe, either as a main or a branch, reaches the bank on which the cheque is drawn. Is it the function of a conduit pipe to eject its contents half-way and pass them to another conduit pipe, not part of its own system? Again the contention of defendant's counsel in the Economic Bank case, that an agent may employ a sub-agent without losing his character of collecting banker, seems rather to run counter to the accepted doctrine that an agent is not entitled to delegate his functions as such.

But, honestly, I think the words of the Master of the Rolls must not be interpreted too literally, or the conduit pipe illustration exaggerated into more than a general sort of parable. And I think we can get over any difficulty as to the agent delegating his functions. For the employment of clearing by non-clearing banks is so universal, that we may assume it to be within the contemplation of every person who pays in a cheque to a non-clearing bank. And the necessity of such intervention of a clear-

ing bank also drives us to a liberal and rational interpretation of the protection of Sec. 82. It would, I take it, defeat the very object of a clearing house if every bank were represented on it. It would be somewhat as if every member of the public were to try and do his own business on the Stock Exchange. It is the limited number of banks on the clearing, each known to be the agent of several others, which enables the enormous mass of business in the London Clearing House to be got through at all. It cannot be that either legislature or judicature could ever intend or suffer the total dislocation and disruption of that business. The operations of the Clearing House have been recognised in many decisions, though not on this particular point.

And there are significant sections in the Bills of Exchange Act, which, to my mind, most distinctly sanction this interposition of a clearing bank, or the forwarding the cheque to another banker for presentation. Sec. 77, sub-sec. 5, says "where a cheque is crossed specially, the banker to whom it is crossed may again cross it specially to another banker for collection." The corresponding words in the previous repealed Act were "to another banker, his agent for collection." So again, Sec. 79, in prohibiting payment of cheques crossed specially to more than one banker, excepts cheques crossed to an agent for collection being a banker, and so does Sec. 80. So that here we have a definite recognition, amounting to authorisation, of the practice of transmitting cheques for collection from one banker to another, which is obviously meant to and does cover the utilisation of a clearing bank. It would be an imbecile practical joke if the exercise of the powers given or recognised in Secs. 77, 79 and 80 were to involve loss of the protection conferred by Sec. 82.

It has no doubt been suggested that Sec. 77 (5) only empowers the banker to do that which no one else may do, namely, cross a specially crossed cheque again to another banker; that the words "for collection" are merely a limitation on this power, defining the purpose for which alone it may be exercised; that the object is merely the protection of the cheque in transit to the second banker; that Secs. 79 and 80 complete the group, leaving Sec. 82 independent and standing alone, and so inapplicable to those bankers who forfeit its protection by availing themselves of Sec. 77, sub-sec. 5. I recognise that the sub-section was necessary to enable the first banker to again cross specially, but I rather fail to see for what purpose other than collection he should want to do it, and if these provisions, including, as they do, the words "to another banker" and "for collection," are to be put in a little group by themselves, and to constitute an alternative protection, tempting you to give up the far more valuable benefits of Sec. 82, without knowing it, I can only say it is a trap so

ingenious that I can scarcely credit the Legislature with having devised it. The other view seems more in accord with what Bigham, J., said in the Economic Bank case. He does not go into the point at any length, but says "I think, therefore, that the defendants in forwarding the cheques to Williams Deacon and Co., and so obtaining the money, were receiving the payment for their customer within the meaning of the section of the Act."

LEGAL DECISIONS AFFECTING BANKERS.

COURT OF APPEAL.

Times, February 11th, 1905.

(Before Lord Justice Vaughan Williams, Lord Justice Romer, and Lord Justice Stirling.)

EMBRICOS v. THE ANGLO-AUSTRIAN BANK.

THIS was an appeal by the plaintiffs against the decision of Mr. Justice Walton reported in *The Times* of August 11th, 1904, and in 20 *The Times* Law Reports, 794.

The case raised an important question as to the law affecting cheques and other negotiable instruments when there has been a forged endorsement in a foreign country, giving by the law of that country a good title to a holder for value, but not giving a good title by the laws of England. The question was whether the foreign law or the English law was to prevail. Mr. Justice Walton held that the foreign law must prevail. The plaintiffs appealed. The facts are fully stated in the judgment of Lord Justice Vaughan Williams.

Mr. Eldon Bankes, K.C., and Mr. L. De Gruyther were for the plaintiffs; Mr. Cohen, K.C., and Mr. Maurice Hill were for the defendants.

The arguments were heard on Wednesday and Thursday; and this morning.

The Court delivered judgment dismissing the appeal.

LORD JUSTICE VAUGHAN WILLIAMS read his judgment as follows :—This action was brought by Messrs. L. and M. Embiricos against the Anglo-Austrian Bank to recover damages for the wrongful

conversion of a cheque. The action was tried before Mr. Justice Walton, without a jury, and he gave judgment for the defendants. The appeal is against that judgment. On March 6th, 1903, a Rumanian bank drew a cheque on a London bank payable to the order of the plaintiffs. The plaintiffs at Braila, in Rumania, endorsed the cheque to G. Embiricos and Co. and wrote to them in London enclosing the cheque. The cheque was, however, stolen from the envelope by a clerk of the plaintiffs. On March 9th, 1903, the cheque was presented at the bank of Messrs. Schelhammer and Schatterer, in Vienna, by a person who desired that it might be cashed. It then bore the endorsement G. Embiricos and Co. in addition to the special endorsement to that firm by the plaintiffs. The endorsements were apparently regular and in order, but the endorsement of G. Embiricos and Co. was in fact a forgery. Messrs. Schelhammer and Schatterer cashed the cheque and on the same day endorsed it to the defendants and posted it to them in London, where they cashed it at the bank on which it was drawn. According to an affidavit made as to the Austrian law by a doctor of law of the University of Vienna, "The holder of a cheque which he has bought *bonâ fide* without gross negligence and for value is identified as the proprietor of the cheque and entitled to the proceeds thereof against all the world, notwithstanding that the cheque has been previously stolen, and notwithstanding that the endorsement has been forged." Mr. Justice Walton decided the case in favour of the defendants on the ground that by the transfer of the cheque to the Vienna bank a good title to the cheque which the English Court was bound to recognize passed to the Vienna bank, and that that bank gave an equally good title to the defendants who, when they presented the cheque for payment to the bank on which it was drawn, were dealing with their own property and not with the plaintiffs' property at all. He points out that the only question in this action is between the original payees of the cheque and the subsequent holder of the cheque, who derived his title to the cheque through an endorsement which had been forged. And that, inasmuch as under the English law no title could be made under a forged endorsement, but under the Austrian law the *bonâ fide* holder of a cheque for which he has given value in ignorance of any flaw in the title of the transferor is entitled to the cheque, although it has been previously stolen and the endorsements upon it have been forged, it became necessary to decide whether the validity of the transfer of this cheque ought to be governed by Austrian or English law. Mr. Justice Walton decided that the question of the validity of the transfer ought to be governed by Austrian law, first, because it has been decided by Mr. Justice Romer, and on appeal by the Court of Appeal in "*Alcock v. Smith*" (1892, 1 Ch., 238), that the ordinary rule as to the transfer of chattels as stated in Rule 140 of Dicey's

"Conflict of Laws," that "Assignment of a movable which can be touched (goods) giving a good title thereto according to the law of the country where the movable is situate at the time of the assignment (*lex situs*) is valid," applies to a bill of exchange, and, I suppose, any negotiable instrument; and Mr. Justice Walton also seemed to be of opinion his judgment could be justified by the words of section 72 of the Bills of Exchange Act, 1882, which provides that "Where a bill drawn in one country is negotiated, accepted, or payable in another, the rights, duties, and liabilities of the parties thereto are determined as follows:—(1) The validity of a bill as regards requisites in form is determined by the law of the place of issue, and the validity as regards requisites in form of the supervening contracts, such as acceptance, or endorsement, or acceptance *supra* protest, is determined by the law of the place where such contract was made. Provided that (a) . . . (b) where a bill, issued out of the United Kingdom, conforms, as regards requisites in form, to the law of the United Kingdom, it may, for the purpose of enforcing payment thereof, be treated as valid as between all persons who negotiate, hold, or become partners to it in the United Kingdom. (2) Subject to the provisions of this Act, the interpretation of the drawing, endorsement, acceptance, or acceptance *supra* protest of a bill, is determined by the law of the place where such contract is made. Provided that where an inland bill is endorsed in a foreign country the endorsement shall as regards the payer be interpreted according to the law of the United Kingdom." For the learned Judge says that if the "interpretation" of the endorsement means the legal effect of the transfer by endorsement it would cover this case. I think that the view taken by Mr. Justice Walton of the effect of the decisions in "*Alcock v. Smith*," that the rule that the validity of the transfer of chattels must be governed by the law of the country in which the transfer takes place, applies to a bill or a cheque, and applies to the transfer of bills or cheques in cases where the transfer is by endorsement, is right; although in the case of "*Alcock v. Smith*" the transfer was not by endorsement, but by process of law in the shape of a judicial arrestment. This conclusion seems sufficient to negative the cause of action in the present case, which is an action by payee against an endorsee, who claims under a forged endorsement giving the endorsee a good title in the country where the endorsement was made. But it would manifestly be an unsatisfactory state of the law if the legal result is that the endorsement is effective to give the endorsee a good title as against the payee, but not effective according to English law to give such endorsee a good title against the drawer of the cheque or the acceptor. And it would be convenient, as well from a legal as from a commercial point of view, that it should be established that the title by such endorsement is good as against the original parties to a negotiable

instrument having regard to the contractual liability incurred by them thereby. I do not think that "*Alcock v. Smith*" decides this question; on the contrary, it seems to me that the judgments of Mr. Justice Romer and the Court of Appeal both disclaim so doing, and, further, it seems to me that the law as laid down by Mr. Justice Pearson in "*Smallpage's case*" (30 C.B., 598) and by Mr. Justice Lush in "*Lebel v. Tucker*" (L.R., 3 Q.B., 77, 83) is, in effect, authority to the contrary. At all events, it has never been decided that liability of an acceptor in England of a bill drawn abroad or of the drawer of a cheque payable in England amounts to a contract to pay on a forged endorsement valid by the foreign law, but invalid by the law of England. It may, however, be that the contract of the drawer or acceptor is to pay on any endorsement recognized by the law of England, even though such endorsement be invalid according to what I will call for convenience the local law of England. I am disposed to think that this is the true contract. If the contract of the drawer of a cheque or acceptor of a bill were limited to payment on endorsements valid by the English local law an argument might be raised that, even though the endorsement abroad was valid to legalise the possession by the endorsee claiming under the foreign endorsement, yet he would be guilty of a conversion if he used a negotiable instrument to the possession of which he was entitled for the purpose of obtaining and did obtain payment from an original party to the negotiable instrument from whom he could not have recovered by process of law. User of a chattel by a person entitled to possession in such a manner would perhaps give a right of action for money had and received. I, however, have come to the conclusion that as between the payee and this endorsee there is no cause of action for conversion, and that the judgment of Mr. Justice Walton must be affirmed. It is to be observed that our decision in this case does not increase the liability of the bank upon which the cheque was drawn and which paid the cheque. I wish to add that I am not satisfied that, having regard to the terms of sub-section 2 of section 72 of the Bills of Exchange Act, 1882, such section is conclusive of the present case. I wish also to add that I do not think that section 24 governs the case of an endorsement abroad.

LORD JUSTICE ROMER said that he had arrived at the same conclusion. The only question was one of conversion. Did the defendants convert the property of the plaintiffs? If the plaintiffs, when they brought the action, had no title to the cheque, the action must fail. If the foreign law applied, the defendants had acquired a good title to the cheque as against the plaintiffs. The question was whether the foreign law did apply. It had been contended that bills of exchange and cheques were wholly outside the general rule of international law which applied to movable chattels. In his Lordship's opinion that contention was wrong, for the reasons

which he had given in his judgment in "*Alcock v. Smith*," a judgment which was affirmed by the Court of Appeal. He could see no reason for departing from what he then said. No subsequent case had, he thought, thrown any doubt on the correctness of his decision. It might, of course, well be that by reason of some special English law or enactment the English Courts might be unable to recognize that rule of international law in special cases. But his Lordship knew of no such English law or enactment. Section 72 of the Bills of Exchange Act certainly had not that effect. Indeed, it recognized the general principle, especially in sub-section 2. The proviso to that sub-section, whatever might be its scope and effect, did not touch the present case. Section 24 was only a statement of the general English law, which was local for the purposes of the present case, and it had not the effect of controlling the general rule of international law.

LORD JUSTICE STIRLING concurred. He agreed with what was said by Mr. Justice Walton and by his brethren Lord Justice Vaughan Williams and Lord Justice Romer, except that he desired to reserve his opinion about section 72, to which he was inclined to attribute more weight than they did. And as regards the case of "*Lacave v. Crédit Lyonnais*" (1897, 1 Q.B., 148), it did not appear to him to apply to the present case, because, as he understood the facts of that case, the cheque there did not come into the hands of a holder in due course—that is, a purchaser for value.

NATIONAL PROVINCIAL BANK OF ENGLAND, LIMITED, *v.* BASDEN.

Financial Times, March 27th, 1905.

In the King's Bench Division, Mr. Justice Lawrance had before him the action of the National Provincial Bank of England *v.* Basden, which came on under Order 14.—Mr. Hamilton, K.C., and Mr. Macnaghten appeared for the plaintiffs; Mr. Gore-Browne, K.C., and Mr. Ernest Pollock for the defendant.

Mr. Hamilton said the action was brought for payment of the balance of a loan account amounting to £743. The sum of £750 was lent originally, and the interest had been paid upon that sum up to 1st February last. The defendant had, in addition to the loan account with the plaintiff bank, a current banking account, and from that current account interest was from time to time debited until February last. At the date of the writ there was a small sum to defendant's credit on his current account, for which the plaintiffs had given credit. When the loan was first applied for, Mr. Basden occupied the position of receiver and manager of a company called the Milton Paper Company, Ltd. That com-

pany had defaulted on its debenture interest, and thereupon the debenture holders applied to the Court, and Mr. Basden was appointed receiver and manager. It was afterwards found that for the purpose of carrying on the business of the company it would be necessary to get some money, and the Court made an Order giving Mr. Basden liberty to borrow a sum not exceeding £1,000, the sum borrowed to be a charge upon the assets of the company. Mr. Basden applied to the plaintiff bank, and they ultimately advanced a sum upon loan, which amounted to £750. At the latter end of 1904 it was found that owing to some claims of the landlord, which took priority over the rights of the debenture holders, the debenture holders would not get the benefit of their charge upon the company's property, and thereupon their interest in the liquidation became small, and Mr. Basden, as receiver and manager, did not apply for any further extension of his charge under the Order of the Court, and his receivership and managership came to an end. The bank, which had repeatedly pressed for repayment, required Mr. Basden to pay off the loan, and defendant then took up the position that he was only receiver and manager, and that the bank could not look to him personally for the repayment, but must look to the assets. Defendant did not suggest that there was any actual stipulation that the bank was not to look to him. Defendant either suggested that he never thought he would be liable, or that by signing letters as receiver and manager he was not in law liable. Counsel, in support of his contention, quoted the case of "*Burt v. Bull*," recently before the Court of Appeal, when the Court, in dealing with a case of a receiver and manager, laid down the proposition that a receiver and manager who carried on a business and gave orders and borrowed money did so in law *primâ facie* on his own credit. Unless he clearly and expressly stipulated that he did not pledge his credit, the law would deem that his credit was pledged.

Mr. Thomas Estall, one of the joint general managers of the National Provincial Bank of England, gave evidence as to his interview with the defendant, when the loan was arranged. At that interview defendant did not say that he was not personally liable. The bank, said witness, had always regarded themselves as the creditors of Mr. Basden.

Mr. Gore-Browne submitted that it had never yet been held that a receiver acting under the Order of the Court was personally liable for money advanced. Plaintiffs now wanted to make the defendant pay money advanced for the benefit of the company out of his own estate. If that was held to be the law, it would be very difficult to get anyone to act as receiver. The bank, he contended, had to look to the assets of the company for their money.

His Lordship said it was perfectly clear on the authorities that, especially where there were no assets, a receiver and manager was responsible for a debt such as the one in this case, and that it was his personal credit that was pledged. That being so, he gave judgment for the plaintiff for the amount claimed, with costs.

KING'S BENCH DIVISION.

(Before Mr. Justice Warrington, sitting as an additional Judge of the King's Bench Division.)

The Times, March 8th, 1905.

VINDEN AND ROGERS *v.* HUGHES.

THIS was an action to recover a sum of £487, the value of some 27 cheques drawn by the plaintiffs and cashed by the defendant in the circumstances hereinafter stated, which raised an interesting question under section 7 sub-section 3 of the Bills of Exchange Act, 1882, which provides that "where the payee is a fictitious or non-existing person the bill may be treated as payable to bearer." The facts were as follows:—The plaintiffs are salesmen in Covent Garden market, and the defendant is a draper in Brixton Road. The plaintiffs had in their employment during the years 1896 to 1903 a cashier and confidential clerk named Rowland Cross; part of his duties was to fill up cheques payable to the order of customers of the plaintiffs (mostly growers for whom the plaintiffs had sold fruit) with the names of the customers and the amounts payable to them respectively, and to obtain the signature of the plaintiffs to such cheques and then to post the cheques to the customers. During the years 1901, 1902, and 1903 Rowland Cross drew these 27 cheques, amounting in all to £487, obtained the signature of the plaintiffs thereto, and then, instead of posting them to the various customers, took them away and appropriated them, and, having forged the endorsements, obtained cash for them from the defendant, who was a neighbour of his, and at whose shop Rowland Cross and his wife were in the habit of dealing. The defendant passed these cheques through his own banking account, and had the proceeds placed to his credit. Some time in 1903 the plaintiffs had occasion to dismiss Cross, his frauds were discovered, and he was prosecuted and convicted. No imputation was made against the defendant, who had also been deceived by Cross, whom he had at the time every reason to believe to be a respectable person, and a customer whom he had been willing to oblige by changing

cheques for him, and the question was argued as one of law—viz., which of these two innocent persons was to suffer through the fraud and forgery of Cross.

Mr. MONTAGUE LUSH, K.C., and Mr. ASHTON CROSS, for the plaintiffs, argued that, as the payees in each of the cheques were all customers of the plaintiffs, whom the plaintiffs at the time of drawing the cheques intended to pay, the payees were not fictitious, and that the case was therefore distinguishable from “*Bank of England v. Vagliano Brothers*” (1891, A.C., 107).

Mr. S. T. EVANS, K.C., and Mr. BAILHACHE for the defendant, mainly relied on “*Bank of England v. Vagliano*” as covering the present case.

Mr. JUSTICE WARRINGTON, in the course of his judgment, said the question he had to determine was what was the true construction of section 7, sub-section 3, of the Bills of Exchange Act, 1882, as applied to the facts of this particular case? In other words, he had to decide whether the payees in these cheques were “fictitious or non-existing persons” within the meaning of that sub-section. Having stated the facts, his Lordship said that, with the exception of one cheque for £20 for an amount actually due to the particular customer at the time it was drawn, and in respect of which the defendant had paid £20 into Court, the case he had to deal with was the case of cheques where no money was actually owing to the customers at the time they were drawn, and as to those cheques was the person whose name had been inserted by Cross a “fictitious or non-existing person” within the meaning of the Act? At first he had been inclined to think that the case was covered by the second branch of the judgments in “*Bank of England v. Vagliano Brothers*,” but a further and closer examination of that case had led him to the conclusion that it was not. Independently of authority what did “fictitious” mean? It could not mean fictitious in the abstract; the Court must look at the circumstances of the case in order to discover whether the name of the person mentioned in the bill of exchange or cheque was the name of a fictitious person, having regard to the facts of the case. In the present case, if one considered the position of the plaintiffs when signing these cheques, there was no fiction about it, it was a perfectly real and *bonâ fide* transaction; the plaintiffs believed they owed the sum of money named in the cheques to the persons whose names appeared therein as payees, and they signed the cheques in that belief, and it was only when they discovered the frauds of their clerk that there was any fiction in the matter, or anything otherwise than in accordance with their intention. The fraud perpetrated by Cross on the plaintiffs had, in his Lordship’s opinion, nothing to do with the construction of the Act; what the Court had to

look to was the state of things at the time the cheques were drawn; and at the time these cheques were drawn the plaintiffs intended to pay the persons named therein, who were their customers and not fictitious persons. Now was there any authority which prevented him from so holding? His Lordship thought there was not. In "*Clutton v. Attenborough and Sons*" (1897, A.C., 90) the House of Lords had not to consider the meaning of the word "fictitious," and that decision was not applicable to the present case. In "*Bank of England v. Vagliano Brothers*" the facts were very special and peculiar, and the bill in question was held not to have been drawn at all, and, there being no drawer in fact, the use of the name of a payee was a mere fiction; and this was the explanation of Lord Herschell's observations which had been much relied on by the defendant's counsel. Lord Herschell, at page 152 of the report, said this:—"Do the words 'where the payee is a fictitious person' apply only where the payee named never had a real existence? I take it to be clear that by the word 'payee' must be understood the payee named on the face of the bill; for, of course, by the hypothesis there is no intention that payment should be made to any such person. Where, then, the payee named is so named by way of pretence only, without the intention that he shall be the person to receive payment, is it doing violence to language to say that the payee is a fictitious person? I think not. I do not think that the word 'fictitious' is exclusively used to qualify that which has no real existence. When we speak of a fictitious entry in a book of accounts, we do not mean that the entry has no real existence, but only that it purports to be that which it is not—that it is an entry made for the purpose of pretending that the transaction took place which is represented by it." Then a little lower down he says:—"It seems to me, then, that where the name inserted as that of the payee is so inserted by way of pretence only, it may, without impropriety, be said that the payee is a feigned or pretended, or, in other words, a fictitious person." Those passages, which were much relied on by the defendant's counsel, would be satisfied by a case in which the drawer of a cheque put into it the name of a person who existed, but whose name was used "by way of pretence only." Did the plaintiffs draw these cheques using the names of their customers by way of pretence only? In his Lordship's opinion it was impossible on the facts of this case to come to any such conclusion. His Lordship therefore held that the payees in these cheques were not "fictitious or non-existing persons," and that the fraudulent endorsements by Cross were no authority to the defendant to hold these cheques, and that he was therefore liable to the plaintiffs for the loss that had been occasioned by this fraud. In the view his Lordship had taken of the law it was not necessary to go into the question whether the

defendant was a "holder" of these cheques "in due course"; but he should wish to add that there was nothing in the evidence which in any way reflected on the defendant's *bonâ fides* in the cashing of these cheques. There must be judgment for the plaintiffs with costs.

Mr. BAILHACHE asked for a stay of execution with a view to an appeal; and eventually a stay was granted, upon terms (*inter alia*) of giving notice of appeal within ten days.

OBITUARY.

MR. ALFRED SPALDING HARVEY.

THE news of the sudden death of Mr. Harvey, which took place on March 10th, will have been received with very great regret by all bankers with whom he came into contact, and more especially by the members of this Institute, of which Mr. Harvey has long been one of the most able members. For nearly twenty-two years he has been a very active member of the Council, and has often taken the Chair at the monthly meetings. At the discussion which followed the papers read before the Institute at the London Institution, Mr. Harvey's presence was familiar to many of our members. He was an excellent debater, and his speeches, clever and often amusing, but always terse and to the point, never failed to rivet the attention of the meeting.

Mr. Harvey commenced his career in the Civil Service; after taking a London degree he entered the Office of the Paymaster-General, whence he moved to the Treasury, and while there he was offered and accepted the post of Secretary to Messrs. Glyn, Mills, Currie and Co., rendered vacant by the retirement of Mr. Wm. Newmarch, the well-known economist. This connection of Mr. Harvey both with the public service and the City, enabled him to render valuable service to both as an intermediary, and his opinion was frequently taken by the Government when it was found desirable to ascertain the attitude of the City towards certain questions. He was a member of two Royal Commissions, that on Civil Establishments, and more recently that on Food Supplies in Time of War.

Those who came into personal contact with Mr. Harvey will have additional cause to regret his loss, for his unfailing geniality and cheerful kindness of manner were very attractive and earned him many friends. Mr. Harvey was sixty-five years of age at the time of his death.

NOTES ON RECENT ADDITIONS TO THE LIBRARY.

*The Money Market.**

By F. STRAKER, Fellow of the Institute of Bankers.

MR. STRAKER'S lectures on the "Daily Money Article," delivered before the Institute in the winter of 1903-4, will be fresh in the minds of our members, and the interest which was shown in them will no doubt be extended to the book which he has recently written. This book covers, to a large extent, the same ground as the lectures, but while the scope of the book is wider, containing, as it does, chapters on the development of banking in England, the operation of the Bank Charter Act of 1844, and the growth of London's financial position, yet, owing, as the writer more than once remarks, to want of space, the practical operations which centre round the Money Market are treated in considerably less detail.

This makes the book more suitable to the general reader, though it may be that banking men will regret the omission of some of that practical information about the everyday details of City business which everyone is supposed to know, but about which it is astonishingly difficult for the tyro to learn anything, except directly from those to whom, as to Mr. Straker, knowledge has come from wide experience.

The book is clearly and interestingly written, and those in search of information upon those kindred branches of business comprised under the term "Money Market," should certainly read it.

QUESTIONS ON POINTS OF PRACTICAL INTEREST.

THE Council desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which, after careful deliberation, the Council have approved:—

* London: Methuen & Co., 1904.

Bill of Exchange—Drawee and Acceptor.

QUESTION 2021.—A three months bill is drawn on Messrs. White and Co., and accepted by "B. White."

(a) Being in order in other respects, is this a good bill?

(b) Is the bill enforceable against the acceptor just as though his name had appeared as drawee?

ANSWER: Such an acceptance is irregular.

Bill of Exchange—Endorser's Liability.

QUESTION 2022.—Mr. Jones draws on Mr. Smith, who duly accepts the bill, which is payable to the order of Jones. Mr. Jones, however, demurs to taking the bill, unless Mr. Smith's acceptance is stiffened by a good endorsement. To oblige Mr. Smith, Mr. Brown endorses the bill. Mr. Jones (drawer) then places his endorsement below Mr. Brown, and pays bill away to X, who, at maturity, duly presents the bill to Mr. Smith (the acceptor), who does not pay.

Please say if:—

(1) The drawer (Mr. Jones) can first fall on Mr. Brown for payment, leaving Mr. Brown to fall back in turn on Mr. Smith (acceptor); or,

(2) Can Mr. Brown plead "received no consideration," and thus force Mr. Jones (drawer) to fall back on Mr. Smith (acceptor).

(3) If the second is the correct position of the parties, what will be the good of Mr. Brown's stiffening endorsement?

ANSWER: (1) (2) (3) Mr. Brown is liable.

Banker's Lien—Right of Sale.

QUESTION 2023.—Does a banker's lien on negotiable securities include a right to realise and recoup himself from the proceeds, thus differing from an ordinary general lien?

ANSWER: Yes. (See Smith's "Mercantile Law," 10th edit., p. 697.)

Guaranteed Account—Bankruptcy of Customer.

QUESTION 2024.—A guarantees B's account for £100 with Bank C. On a given day B is overdrawn £80, and a cheque for £20 is

presented. On the same day C learns definitely that A has committed an act of bankruptcy, and that a meeting of his creditors has to be called. What is the position of C with regard to B's cheque for £20? May he dishonour it?

ANSWER : No.

Limited Company—Title of Account.

QUESTION 2025.—The directors of the A.B.C. Combine instruct the bankers of the D. & F. Jones, Ltd. branch of the Combine as follows :—

“ We request you to open an account under the title of A.B.C., Ltd. business of D. & F. Jones, Ltd. Cheques for this account are to be signed by the two following gentlemen, Brown and Robinson.”

Is the following cheque in order?

D. & F. Jones, Ltd.	
Openhill, January 1st, 1905.	
The X.Y.Z. Bank, Ltd.	
Pay to	or bearer.
£	Brown.
	Robinson.

ANSWER : The cheque should bear some reference to the A.B.C. Combine.

1905.

WEEKLY RETURNS.

In £'s sterling, 000 omitted thus :—£1,000 = £1,000,000.

For the weeks ending }	1904. Nov. 16. 1	1904. Nov. 23. 2	1904 Nov. 30. 3	1904. Dec. 7. 4	1904. Dec. 14. 5	1904. Dec. 21. 6	1904. Dec. 28. 7	1905. Jan. 4. 8
BANK OF ENGLAND.								
ISSUE DEPARTMENT.	£	£	£	£	£	£	£	£
Notes issued.....	50,034	49,473	49,224	48,524	48,054	46,567	46,884	47,990
Government debt...	11,015	11,015	11,015	11,015	11,015	11,015	11,015	11,015
Other securities ...	7,435	7,435	7,435	7,435	7,435	7,435	7,435	7,435
Gold coin and bul- lion	31,584	31,023	30,774	30,074	29,604	28,117	28,434	29,540
Total.....	50,034	49,473	49,224	48,524	48,054	46,567	46,884	47,990
RES. DEPARTMENT.								
LIABILITIES.								
Proprietors' capital	14,553	14,553	14,553	14,553	14,553	14,553	14,553	14,553
Reserve	3,202	3,213	3,185	3,177	3,181	3,191	3,199	3,308
Public deposits ...	7,174	8,701	8,274	7,632	7,926	8,590	9,104	12,366
Other Deposits ...	39,439	38,335	42,153	41,145	40,453	39,029	44,321	47,441
Seven day and other bills	115	110	93	131	113	110	70	94
Total.....	64,483	64,912	68,258	66,638	66,226	65,473	71,247	77,762
ASSETS.								
Government securi- ties	15,610	15,610	15,610	15,610	15,610	15,610	15,610	20,410
Other securities ...	24,707	25,486	29,759	28,562	28,613	30,122	35,464	36,420
Notes	22,348	21,983	21,113	20,655	20,379	18,162	18,680	19,382
Gold & Silver coin	1,818	1,833	1,776	1,811	1,624	1,579	1,493	1,550
Total.....	64,483	64,912	68,258	66,638	66,226	65,473	71,247	77,762
Notes in the hands of the Public ...	27,686	27,490	28,111	27,869	27,675	28,405	28,204	28,608
Reserve	24,166	23,816	22,889	22,466	22,003	19,741	20,173	20,932
Proportion of re- serve to liabili- ties (per cent.)...	51.72	50.52	45.31	45.94	45.37	41.36	37.71	34.94
Rate of discount ...	3 %	3 %	3 %	3 %	3 %	3 %	3 %	3 %
RATES OF EXCHANGE ON LONDON.	1904 Nov. 18.	1904. Nov. 25.	1904. Dec. 2.	1904. Dec. 9.	1904. Dec. 16.	1904. Dec. 23.	1904. Dec. 30.	1905. Jan. 6.
Paris, cheque— per £1=25f. 22½c.)	25.14	25.15	25.15½	25.16	25.15½	25.15½	25.14½	25.13½
Berlin, 8 days— per £1=20m. 43pf.)	20.35	20.00	20.36½	20.36	20.34½	20.37	20.36½	20.39
New York, 60 days— per £1=\$4.867) ...	4.84	4.84	4.83½	4.83½	4.84½	4.84½	4.84½	4.84½
India, Cable Transfers Bombay, ...	4.87	4.87	4.87	4.86½	4.87½	4.87½	4.87½	4.87½
(per rupee).....	1s. 4½d.	1s. 4½d.	1s. 4½d.	1s. 4½d.	1s. 4½d.	1s. 4½d.	1s. 4½d.	1s. 4½d.

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus:—£1,000 = £1,000,000.

For the weeks ending }	1905. Jan. 11.	1905. Jan. 18.	1905. Jan. 25.	1905. Feb. 1.	1905. Feb. 8.	1905. Feb. 15.	1905. Feb. 22.	1905. Mar. 1.
	1	2	3	4	5	6	7	8
BANK OF ENGLAND.								
ISSUE DEPARTMENT.								
Notes issued.....	£ 48,830	£ 50,075	£ 51,105	£ 52,185	£ 52,455	£ 53,407	£ 55,297	£ 55,524
Government debt....	11,015	11,015	11,015	11,015	11,015	11,015	11,015	11,015
Other securities ...	7,435	7,435	7,435	7,435	7,435	7,435	7,435	7,435
Gold coin and bul- lion	30,880	31,625	32,655	33,735	34,005	34,957	36,847	37,074
Total.....	48,830	50,075	51,105	52,185	52,455	53,407	55,297	55,524
BKNG. DEPARTMENT.								
LIABILITIES.								
Proprietors' capital	14,558	14,558	14,558	14,558	14,558	14,558	14,558	14,558
Rest	3,429	3,449	3,455	3,484	3,496	3,514	3,531	3,674
Public deposits ...	8,515	8,789	8,965	7,421	9,459	12,452	16,431	15,191
Other Deposits ...	41,755	42,351	41,395	42,641	39,448	38,615	38,612	41,558
Seven day and other bills	86	135	148	83	120	111	102	94
Total.....	68,338	69,277	68,516	68,182	67,076	69,245	73,229	75,070
ASSETS.								
Government securi- ties	19,408	19,408	18,408	16,308	15,603	15,603	15,603	15,589
Other securities ...	26,511	25,873	24,635	25,471	24,428	25,347	27,309	29,629
Notes	20,885	22,426	23,726	24,827	25,143	26,355	28,310	27,931
Gold & Silver coin	1,534	1,570	1,747	1,776	1,902	1,940	2,007	1,921
Total.....	68,338	69,277	68,516	68,182	67,076	69,245	73,229	75,070
Notes in the hands of the Public ...	27,945	27,649	27,379	27,558	27,312	27,052	26,987	27,593
Reserve	22,419	23,996	25,473	26,403	27,045	28,295	30,317	29,852
Proportion of re- serve to liabili- ties (per cent.)...	44·52	46·80	50·43	52·65	55·16	55·29	54·98	52·52
Rate of discount ...	3 %	3 %	3 %	3 %	3 %	3 %	3 %	3 %
RATES OF EXCHANGE ON LONDON.								
Paris, cheque— (par £1=25f. 22½c.)	25·14½	25·12½	25·13	25·15	25·17	25·20	25·21½	25·21
Berlin, 8 days— (par £1=20m. 43pf.)	20·43	20·44	20·43½	20·47	20·46	20·46	20·48	20·48
New York, 60 days— (par £1=\$4.867) ...	4·85	4·85½	4·85½	4·85½	4·85½	4·85½	4·84½	4·84½
Do. Cable Transfers	4·88	4·88⅞	4·88½	4·88½	4·88⅞	4·88½	4·87½	4·87½
Calcutta, (per rupee).....	1s. 4¾d.	1s. 4¾d.	1s. 4⅞d.	1s. 4⅞d.	1s. 4¾d.	1s. 4¾d.	1s. 4¾d.	1s. 4¾d.

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus:—£1,000 = £1,000,000.

For the weeks } ending	1904. Nov. 17. 1	1904. Nov. 24. 2	1904. Dec. 1. 3	1904. Dec. 8. 4	1904. Dec. 15. 5	1904. Dec. 22. 6	1904. Dec. 29. 7	1905. Jan. 5. 8
BANK OF FRANCE. (Converting the franc at 25 to the £.)								
LIABILITIES.	£	£	£	£	£	£	£	£
Public deposits ...	8,322	11,400	12,023	8,694	9,292	9,775	9,500	5,420
Private deposits ...	21,028	20,628	19,604	20,617	19,700	20,294	24,177	22,617
Notes in circulation	172,045	170,112	174,223	171,852	171,807	170,318	172,993	180,335
Other items	14,881	15,077	15,117	14,338	14,213	14,010	16,049	15,668
Total.....	216,276	217,217	220,967	215,531	215,012	214,397	222,719	224,090
ASSETS.								
Gold	105,879	106,111	106,816	106,746	106,601	106,650	106,345	106,116
Silver	44,014	44,208	44,194	44,195	44,243	44,206	44,089	43,888
Bills	25,303	25,421	28,458	23,399	23,388	22,696	30,611	30,970
Advances	27,222	27,011	27,411	27,497	27,088	27,195	26,489	24,861
Other items	13,858	14,466	14,108	13,694	13,692	13,650	15,185	18,255
Total.....	216,276	217,217	220,967	215,531	215,012	214,397	222,719	224,090
Rate of discount	3 %	3 %	3 %	3 %	3 %	3 %	3 %	3 %
IMPERIAL BANK OF GERMANY. (Converting the reich- mark at 20 to the £.)								
LIABILITIES.	£	£	£	£	£	£	£	£
Notes in circulation	64,992	63,025	64,697	63,942	63,957	67,107	79,989	72,235
Current accounts...	26,713	28,915	26,357	26,203	30,214	28,446	29,015	25,551
Other items	11,987	12,120	12,274	12,391	12,497	12,766	14,459	14,403
ASSETS.								
Coin and bullion ...	48,124	51,315	50,015	49,980	51,179	50,699	46,353	48,414
Bills and loans.....	42,586	41,107	42,167	40,602	41,581	43,520	61,287	47,205
Other items	12,982	11,638	11,146	11,954	13,908	14,100	15,823	16,570
Rate of discount	5 %	5 %	5 %	5 %	5 %	5 %	5 %	4 %

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

For the weeks } ending }	1905. Jan. 12. 1	1905. Jan. 19. 2	1905. Jan. 26. 3	1905. Feb. 2 4	1905. Feb. 9. 5	1905 Feb. 16 6	1905. Feb. 23. 7	1905. Mar. 2. 8
BANK OF FRANCE. (Converting the franc at 25 to the £.)								
LIABILITIES.	£	£	£	£	£	£	£	£
Public deposits ...	4,748	5,140	9,052	8,089	7,751	8,713	10,213	7,010
Private deposits ...	20,578	20,362	19,365	21,067	22,528	24,038	23,323	22,442
Notes in circulation	177,583	177,318	174,753	178,283	174,899	173,653	172,328	175,925
Other items	16,210	16,421	15,374	17,810	15,177	15,126	15,384	18,387
Total.....	219,119	219,241	218,544	225,249	220,355	221,530	221,248	223,764
ASSETS.								
Gold	106,392	106,844	107,708	107,948	110,168	112,523	112,837	112,230
Silver	43,804	43,930	44,056	44,021	44,122	44,097	44,130	44,083
Bills	27,611	27,011	25,565	31,640	24,817	23,741	23,806	26,836
Advances	27,486	27,580	27,151	27,638	27,254	26,996	26,539	26,504
Other items	13,826	13,876	14,064	14,002	13,994	14,173	13,936	14,061
Total.....	219,119	219,241	218,544	225,249	220,355	221,530	221,248	223,764
Rate of discount	3 %	3 %	3 %	3 %	3 %	3 %	3 %	3 %
	1905. Jan. 14.	1905. Jan. 23.	1905. Jan. 31.	1905. Feb. 7.	1905. Feb. 15.	1905. Feb. 23.	1905. Feb. 28.	1905. Mar. 7.
IMPERIAL BANK OF GERMANY. (Converting the reich- mark at 20 to the £.)								
LIABILITIES.	£	£	£	£	£	£	£	
Notes in circulation	67,419	63,472	64,191	62,010	59,732	58,192	60,552	60,029
Current accounts...	26,641	29,858	25,620	24,404	27,343	32,390	29,700	30,528
Other items	14,442	14,589	14,588	14,513	14,549	14,584	14,612	13,867
ASSETS.								
Coin and bullion ...	50,801	54,014	53,437	53,644	55,514	57,379	54,818	54,197
Bills and loans.....	41,926	38,530	39,367	36,812	35,564	36,053	37,471	37,728
Other items	15,775	15,375	11,595	10,471	10,546	11,734	12,576	12,439
Rate of discount	4 %	4 %	4 %	4 %	3½ %	3½ %	3 %	3 %

WEEKLY RETURNS.

In £'s sterling, 000 omitted thus :—£1,000 = £1,000,000.

For the weeks } ending }	1904. Oct. 22. 1	1904. Oct. 29. 2	1904. Nov. 5. 3	1904. Nov. 12. 4	1904. Nov. 19. 5	1904. Nov. 26. 6	1904. Dec. 3. 7	1904. Dec. 10. 8
NEW YORK ASSOCIATED BANKS. (Converting the dollar at 5 to the £.)								
LIABILITIES.	£	£	£	£	£	£	£	£
Notes in circulation	8,598	8,650	8,517	8,463	8,438	8,425	8,425	8,507
Net deposits	239,959	240,887	239,230	235,209	231,976	228,842	225,576	223,608
ASSETS.								
Loans & discounts	227,586	228,457	227,976	225,018	222,542	220,484	218,121	216,418
Specie	48,043	47,672	46,260	45,312	44,784	43,592	42,512	42,393
Legal tenders	15,518	15,908	15,570	15,269	15,128	15,295	15,589	15,382
Legal reserve (being one-fourth of net deposits)	59,990	60,222	59,808	58,802	57,994	57,211	56,394	55,902
Reserve held (consisting of specie and legal tenders).	63,561	63,580	61,830	60,581	59,912	58,887	58,102	57,775
Surplus	3,571	3,358	2,022	1,779	1,918	1,676	1,708	1,873
CLEARING HOUSE RETURNS.	1904. Nov. 18. £	1904. Nov. 23. £	1904. Nov. 30. £	1904. Dec. 7. £	1904. Dec. 14. £	1904. Dec. 21. £	1904. Dec. 28. £	1905. Jan. 4. £
London	241,533	176,593	253,726	216,663	182,495	261,237	157,482	276,940
Bristol	533	587	502	628	529	606	616	364
Birmingham	922	940	784	1,461	853	995	1,191	755
Dublin	3,701	3,528	2,667	3,080	3,102	3,073	3,013	2,036
Liverpool	3,578	3,697	3,606	4,818	6,425	4,346	3,614	3,353
Manchester	4,768	4,802	4,435	5,672	4,903	4,994	4,654	4,557
Newcastle-on-Tyne ...	1,574	1,615	1,448	2,001	1,485	1,734	1,618	1,183
Melbourne	Aug. 29. 2,689	Sep. 5 3,285	Sep. 13. 2,876	Sep. 19. 2,866	Sep. 26. 2,616	Oct. 3. 3,935	Oct. 10. 3,585	Oct. 17. 2,817
MISCELLANEOUS.	1904. Nov. 18.	1904. Nov. 23.	1904. Nov. 30.	1904. Dec. 7.	1904. Dec. 14.	1904. Dec. 21.	1904. Dec. 28.	1905. Jan. 4.
Average price of Wheat	30s. 3d.	30s. 2d.	30s. 5d.	30s. 4d.	30s. 4d.	30s. 4d.	30s. 3d.	30s. 4d.
Price of Consols	87½	88½	88 x	87½	87½	88½	88½	88½
Bar Silver, fine, per oz. standard	2s. 2½d.	2s. 8d.	2s. 3½d.	2s. 3½d.	2s. 3½d.	2s. 4½d.	2s. 4d.	2s. 3½d.
3/o French Rentes...	Nov. 17. 98'32½	Nov. 24. 98'45	Dec. 1. 98'80	Dec. 8. 98'80	Dec. 15. 98'47½	Dec. 22. 97'47½ x	Dec. 29. 97'65	Jan. 5. 97'92½

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus:—£1,000 = £1,000,000.

For the weeks } ending }	1904. Dec. 17. 1	1904. Dec. 24. 2	1904 Dec. 31. 3	1905. Jan. 7. 4	1905. Jan. 14. 5	1905. Jan. 21. 6	1905. Jan. 28. 7	1905. Feb. 4. 8
NEW YORK ASSOCIATED BANKS. (Converting the dol- lar at 5 to the £.)								
LIABILITIES.	£	£	£	£	£	£	£	£
Notes in circulation	8,556	8,573	8,629	8,634	8,604	8,590	8,576	8,580
Net deposits	219,223	218,823	220,810	221,834	223,832	232,763	237,966	239,396
ASSETS.								
Loans & discounts	212,012	211,486	213,340	213,949	212,867	219,762	223,129	225,617
Specie	42,229	42,081	41,711	40,737	43,118	44,806	46,306	45,463
Legal tenders	15,487	15,674	16,228	17,043	17,732	18,132	18,582	18,353
Legal reserve (being one-fourth of net deposits)	54,806	54,706	55,202	55,458	55,958	58,191	59,491	59,849
Reserve held (con- sisting of specie and legal tenders).	57,715	57,755	57,939	57,780	60,850	62,938	64,887	63,817
Surplus	2,909	3,049	2,737	2,322	4,892	4,747	5,396	3,968
CLEARING HOUSE RETURNS.	1905. Jan. 11.	1905. Jan. 18.	1905. Jan. 25.	1905. Feb. 1.	1905. Feb. 8.	1905. Feb. 15.	1905. Feb. 22.	1905. Mch. 1.
	£	£	£	£	£	£	£	£
London	215,482	254,259	186,205	300,588	206,614	259,450	199,865	301,263
Bristol	Jan. 7. 751	Jan. 14. 626	Jan. 21. 624	Jan. 28. 593	Feb. 4. 728	Feb. 11. 608	Feb. 18. 642	Feb. 25. 602
Birmingham	1,522	1,078	962	934	1,483	1,038	952	896
Dublin	3,037	2,791	2,869	2,396	2,959	2,876	2,974	2,566
Liverpool	4,623	4,100	4,055	4,063	4,086	4,215	3,729	3,854
Manchester	5,918	5,040	4,799	5,050	5,687	5,202	4,947	4,736
Newcastle-on-Tyne ...	1,490	1,498	1,552	1,458	1,781	1,560	1,630	1,623
Melbourne	1904. Oct. 24. 3,078	1904. Oct. 31. 3,449	1904. Nov. 7. 3,499	1904. Nov. 14. 3,241	1904. Nov. 21. 4,435	1904. Nov. 28. 3,959	1904. Dec. 6. 4,786	1904. Dec. 13. 4,187
MISCELLANEOUS.	1905. Jan. 11.	1905. Jan. 18.	1905. Jan. 25.	1905. Feb. 1.	1905. Feb. 8.	1905. Feb. 15.	1905. Feb. 22.	1905. Mar. 1.
Average price of Wheat	30s. 4d.	30s. 4d.	30s. 5d.	30s. 6d.	30s. 6d.	30s. 7d.	30s. 5d.	30s. 6d.
Price of Consols	88 ¹ / ₈	88 ¹ / ₈	88 ¹ / ₈	88 ¹ / ₈	89 ¹ / ₈	90 ¹ / ₈	90 ¹ / ₈	91 ¹ / ₈
Bar Silver, fine, per oz. standard	2s. 3 ¹ / ₈ d.	2s. 3 ¹ / ₈ d.	2s. 4 ¹ / ₈ d.	2s. 4 ¹ / ₈ d.	2s. 4 ¹ / ₈ d.	2s. 4 ¹ / ₈ d.	2s. 3 ¹ / ₈ d.	2s. 3 ¹ / ₈ d.
3 o/o French Rentes	Jan. 12. 98-2 ¹ / ₈	Jan. 19. 97-9 ¹ / ₈	Jan. 26. 98-17 ¹ / ₈	Feb. 2. 98-92 ¹ / ₈	Feb. 9. 99-57 ¹ / ₈	Feb. 16. 99-87 ¹ / ₈	Feb. 23. 99-70	Mar. 1. 100-00

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MAY, 1905.

GILBART LECTURES.

By SIR JOHN R. PAGET, BART., K.C.

Second Lecture. Delivered January 30th and February 2nd, 1905.



WE were talking last week about the question raised in this Economic Bank case as to the protection of a non-clearing bank being imperilled by its employing a clearing bank in the collection of customers' cheques, and, for reasons I assigned, I told you I considered there could be little or no doubt that the non-clearing bank was in a safe position. There is possibly a little more technical difficulty in the position of the clearing bank itself. It has handled the cheque, it has had the money, so that there is the foundation for conversion and money had and received, if the person who originally paid in the cheque held it under a forged endorsement, or had no title. If there are to be only two banks concerned, as the Master of the Rolls suggests, and one of them is, of necessity, the paying bank, the inclusion of the bank into which the cheque is paid would exclude the clearing bank. So, again, if the first bank is the conduit pipe, the clearing bank is an unauthorised diversion. And there is the further argument, on the wording of Sec. 82, that the clearing bank does not receive payment only for a customer. The customer was the customer of the bank into which he paid the cheque, his own bank, not of the clearing bank. Probably, in any case, that bank would be liable to indemnify the clearing bank, but that would put things all wrong again. What we want is equal protection, both for the clearing bank and the bank which employs it. And I have practically no doubt that such protection would be accorded by any reasonable Court. The sections I have referred to, contemplating the intervention of a second bank and charac-

terising it as a collecting bank, obviously lead to the inference that it is to be protected as such. No doubt, there is a bit of a difficulty about the "customer" limitation in Sec. 82, the words of which have, as we know, been heretofore construed pretty strictly.

In any other connection one might hesitate to describe a non-clearing bank as a customer of its clearing bank. I should hardly fancy that the account between the non-clearing and the clearing bank would be utilised by the former for general cheque-drawing purposes. And in other respects, which may readily occur to you, there certainly does seem a departure from the idea of the usual bank customer, with his payments in over the counter, his pass-book and his cheque-book, by means of which he pays his tailor, and his butcher, and his baker; especially when there is already such a customer on the scene, in relation to the other bank, and who ultimately receives the money.

Moreover, there is the objection that the interposition of the clearing bank is not, in theory, at any rate, the direct outcome of crossed cheque legislation, and so that bank is not within the correlative protection. However, the exclusion of the clearing bank from protection is so utterly inconceivable that one must ignore these considerations; one must say that, in view of the sections I have referred to, which imply its character as a collecting bank, in view of the fact that accounts are necessarily kept between the two banks, and of the fact that the collection of cheques for a non-clearing bank is a recognised part of the business of a clearing bank, productive of benefit to both parties, the non-clearing bank must be regarded as the customer of the clearing bank, and the money as received for such customer, and that the clearing bank is therefore protected. It is, however, deplorable that, either with regard to the clearing or non-clearing bank, there should be room for any doubt on a matter which ought to be beyond question.

Then there was another point in this case, relating to crossed cheques, which, at one time, looked like settling a doubt which has long existed in my mind; only, unfortunately, I cannot regard it as having done so. These cheques, when they reached the Economic Bank, were crossed generally. The Economic Bank crossed them specially to Williams Deacon & Co. before transmitting them to that bank. Not being, in the first instance, crossed specially to the Economic, this was not done within the powers of Sec. 77, sub-sec. 5, to which I before referred, which only applies where the cheque is in the first instance crossed specially. And it was contended that by so doing the Economic Bank had made an unauthorised addition to the crossing, had dealt with the cheques in a manner they were not entitled to, and

so had converted them; much the same contention that was set up about the stamping in the Gordon case. Now, as was laid down in that case and recognised in this, anything which is reasonably done in the ordinary business course of collection as auxiliary or incidental to that collection is protected if the receipt of the money is protected under Sec. 82. We have been into all that before; you remember Lord Macnaghten said, "the section "would be nugatory, it would be worse than nugatory, it would "be a mere trap if the immunity conferred in respect of receipt "of payment, and in terms confined to such receipt, did not "extend to cover every step taken in the ordinary course of "business, and intended to lead up to that result." But while professedly recognising this rule, this Economic Bank case furnishes what looks at first like a modification of it. I hope, however, to be able to show that the apparent inconsistency or limitation arose out of the particular line taken by the case, and is not of material general application. The cheques, when received by the Economic, were, as I told you, crossed generally. They crossed them specially to Williams Deacon & Co., and transmitted them to that firm for collection. The judge held, as I told you, that the entrusting the cheques by a non-clearing to a clearing bank was part of the process of collection, and so, presumably, protected by the rule. But as to the crossing, another question arose. There is no provision in the Bills of Exchange Act giving a banker, as banker, and under that description, power to cross any cheque to another banker, except a cheque crossed specially to himself. As we shall see, this is, in the majority of cases, quite immaterial, the banker getting the right in virtue of his character as holder. But the point was taken that "holder" meant holder for value, which the bank were not, and that, therefore, the crossing by the Economic Bank was an unauthorised addition to the crossing, an independent conversion, which deprived the Economic of the protection of Sec. 82, by precluding them from having only received payment for the customer. And counsel and judge alike treated the whole question as one whether the Economic were or were not holders within the crossed cheques sections, and on the assumption that if they were not, then there was an unauthorised addition to the crossing, an independent conversion which deprived the bank of protection. Now one view of this ruling would be to say that if, in the process of collection, any unauthorised act materially affecting the cheque is unwittingly committed, the protection is gone. That seems hardly consonant with the rule as laid down in the House of Lords. The taking of the cheque, the presentation of it, are preliminary acts, unauthorised by the true owner, but they are within the protection. The other view is that if you, even under a mistake, do an act materially affecting the cheque which is

forbidden by law, that cannot be in the ordinary process of collection, therefore you have done more than collect the money in the ordinary way, and, at the same time, you have converted the cheque, not only by that particular act, but by the other acts in which you would otherwise be protected by Sec. 82. That seems to me to be the better way of looking at the judgment. But viewing the judgment even in this latter sense, it seems to unduly limit the scope of the protection. I believe it does so unintentionally, because the point at which it does so does not appear to have been present to the mind of the judge. That point I can only reach by stages.

Let us begin with the question "Had the Economic Bank the right to cross these cheques specially to Williams Deacon & Co., or was such crossing an unauthorised addition to the general crossing?"

It was, as I say, admitted by counsel and distinctly held by the judge that, unless the bank could adduce some provision in the Bills of Exchange Act giving them power to cross, they would have added to the crossing without authority, and would have lost protection. The bank relied on Sec. 77, sub-sec. 3, "when a cheque is crossed generally, the holder may cross it specially." The plaintiff's counsel said that "holder" there only means a holder for value, which a collecting banker is not, save in the case of lien. And they referred to Sec. 77, sub-sec. 6, "when an uncrossed cheque or a cheque crossed generally is sent to a banker for collection, he may cross it specially to himself," arguing that if "holder" in the other sections was not confined to a holder for value, this section was superfluous, and that the change of language suggested that a banker for collection was not a holder within the meaning of Sec. 77. Bigham, J., decided in favour of the bank on this point. He said, "It was argued that this authority does not extend to mere agents for collection, and that 'holder' must be read as meaning only holder for value. I see no reason, however, for limiting the operation of the section in such a way. Holder does not necessarily mean a holder for value. The expression includes every person who is in lawful possession of the instrument, and, therefore, includes an agent for collection."

Now it is perfectly clear that "holder" is, as the judge says, not confined to holder for value. "Holder" is defined in Sec. 2 as "the payee or indorsee of a bill or note who is in possession thereof, or the bearer thereof." "Holder for value" is first introduced by Sec. 27, and thereafter the terms are constantly employed in the Act as distinctive. Look at Sec. 29 as an illustration, defining a holder in due course. He must be a holder who has taken the bill under certain conditions, and one of those conditions is that he gave value for it, clearly implying that he might be a holder without giving value.

As to the argument derived from that extraordinary Sec. 77, sub-sec. 6, permitting the collecting banker to cross to himself, I think we were all pretty well agreed some time ago that after the House of Lords declared, and rightly, that it was not intended and was not available to enable the banker to obtain for himself the protection of Sec. 82 for cheques coming to him uncrossed, it was not much use trying to find out what it did do or was meant for. If the banker is a holder, as he is, he can cross the cheque, and he being a banker, his name is that of a banker. But not being the true owner, he gets no remedy against anyone. Possibly the scope and intention of the section is to remove doubts as to the power of a banker holder to cross to himself, the normal process being for the holder and the banker to be separate persons. That seems plausible, and it would be perfectly consistent with the collecting banker being a holder for the purpose of crossing to another banker for collection.

With regard to Bigham, J.'s, further statement that "holder" "includes every person who is in lawful possession of the instrument," I think there is room for criticism. It is at once too broad and too narrow. A man may be in lawful possession of the instrument and yet not be a holder, and a man whose possession is not lawful may, nevertheless, be a holder. We have been into all this before, but it is so important and so commonly misunderstood that I must dispel the misconception likely to arise from this expression of Bigham, J.'s, erring as it does, both in understating and overstating the true position. Possession there must be to constitute a holder of any bill. It is so stipulated in the Bills of Exchange Act. But the lawfulness of the possession of the instrument is nowhere specified as a necessary ingredient in the character of a holder and is not one. A man might be in lawful possession of an unendorsed order bill, it might have been handed to him for safe custody, but he would not be a holder. And a man who has found a bearer bill, or an order bill endorsed in blank, is a holder; a man who has even stolen a bearer bill or a bill endorsed in blank is a holder, capable of passing a perfectly good title to a holder in due course. Yet their possession is not lawful. This is Mr. Chalmers' view, as expressed at p. 6 of his 6th edit., and I perfectly agree with it, and, moreover, there is authority for it. Where you cannot have a holder is where forgery of an endorsement cuts the person in possession out of the category in Sec. 2, which defines "holder" as the payee or indorsee being in possession of the bill, or the bearer thereof. A man takes a bill under a forged endorsement. He is not the payee. Nor is he an indorsee, because the endorsement is no endorsement, but a mere fiction, and common sense and Sec. 24 prevent its having any efficacy. He is not the bearer, because bearer is a term only applicable to bills originally payable

to bearer, or become so payable by a genuine endorsement in blank. Sec. 2 defines "bearer" as the person in possession of a bill or note which is payable to bearer, and such bill or note is defined as above stated, by Sec. 8, sub-sec. 3. As Mr. Chalmers points out at p. 6 of his 6th edit., such a person is not even an unlawful holder, he is a mere wrongful possessor, he has no rights and can confer none, nor can he retain the bill against the rightful owner.

I am not forgetting the exceptional provision of Sec. 55, sub-sec. 2 (b), which speaks of a holder in due course in relation to a bill with a forged endorsement; but, as I have often explained to you, the term there is simply used to denote the character of the person with regard to whom an indorser subsequent to the forgery is estopped from denying the genuineness of previous endorsements; it does not affect the general rule and position. To be a holder, a man must be a holder of the whole bill, a holder with regard to everyone whose name is on it, not merely by estoppel with regard to one party, especially where that person is not an original party to the bill, such as an indorser.

Bearing this in mind, now recall what I told you, viz., that the Economic Bank case was argued and treated entirely on the basis of the endorsement of the cheques being a forgery, the fictitious payee situation was not put forward at all. There was no endorsement subsequent to the forged one. And Bigham, J., as I told you, decided this question of the crossing to Williams Deacon & Co. in favour of the Economic Bank, the defendants, on the ground that the Economic Bank were holders, though not holders for value, and were therefore entitled to cross under Sec. 77, sub-sec. 3. Now, with all respect, that must be wrong, for the reasons I have given you. Unless they were holders of a bearer cheque, by reason of the payee being fictitious, they were not holders at all. But, as far as I can gather, this question of the forged endorsement precluding the bank from the position of holder was not pressed on the judge or present to his mind; argument and judgment alike proceed purely on the question whether "holder," where it occurs in the crossed cheques sections, is or is not to be confined to a holder for value; and I think it would not be legitimate or reasonable to treat this decision as in any way countenancing the proposition that a person holding under a forged endorsement is a "holder" within the crossed cheques or any other section of the Bills of Exchange Act. It is, however, unfortunate that the decision should be there to give any countenance to such a contention. Take it then that neither a banker or anyone else who is in possession of a cheque under a forged endorsement is a holder thereof. When, therefore, the banker deals with that cheque in a manner which is only competent to a holder, and crosses it in the capacity of holder, he makes an unauthorised addition to the crossing.

Sec. 77, sub-sec. 5, as to bankers crossing cheques specially again to another banker for collection, and sub-sec. 6, as to bankers crossing uncrossed cheques, or cheques crossed generally, to themselves, stand on a different footing, the power is then given to the banker *quâ* banker, and under that name; it is not dependent on his character of holder. But, as I say, when you have to rely on the character of holder, forged endorsement precludes your doing so, and leaves your act uncovered and unauthorised. From the prominence given by Bigham, J. to the question of the bank's being holders within Sec. 77, and, as such, entitled to cross, and from the way in which he limits the protection to "steps properly taken to obtain payment," we must assume that, at least in his opinion, any unauthorised addition to the crossing made by the banker is fatal to the protection of Sec. 82. And this view is strengthened by the way in which he treats the question of "a/c payee" being an unauthorised addition, to which I shall hereafter allude. If this be so, a banker who, receiving a cheque uncrossed or crossed generally, crosses it specially to another bank for collection, is deprived of protection if the endorsement prove to have been forged. But is that view correct? The answer depends on the question whether, under the rule as laid down by the Court of Appeal and the House of Lords in the Gordon case, protection is excluded by the mere fact of an unauthorised crossing put on by the banker. I do not think it ought to be. The reasonable rule would be that if the receipt of the money is protected, anything, whether otherwise justifiable or not, which would be justified if the customer's title were absolutely good, ought to be within the protection. Now look at the actual terms of the rule. Take it first in the Court of Appeal. Collins, M.R., says, "The fair meaning of the section is that its protection cannot be limited to the mere receipt of the money." "It seems to me that it covers, and was meant to cover, the whole transaction of receiving payment; that is to say, all the necessary dealings with the instrument from its receipt by the bank down to its payment by the bank on which it is drawn. Everything that is reasonably incidental to the receipt of the money for the customer is, I think, included; but anything that is not so incidental is, I think, outside the section." In the House of Lords, Lord Macnaghten said, "If the banks received payment for the customer, it is obvious that they are relieved from any liability which might perhaps otherwise attach to some preliminary action on their part, taken in view and anticipation of receiving payment. The section would be nugatory, it would be worse than nugatory, it would be a mere trap, if the immunity conferred in respect of receipt of payment, and in terms confined to such receipt, did not extend to cover every step taken in the ordinary course of business, and intended to

"lead up to that result." It had been contended in the Gordon case, from which these passages are taken, that the banks had, among other things, converted the cheques by crossing them to themselves under Sec. 77, sub-sec. 6. Of course, that is not on the same footing as the crossing specially to another banker a cheque already crossed generally. It is not dependent on the character of holder. It is a power given by the Act to a banker as such. Whether the endorsement is forged or not, the cheque is sent to a banker for collection, and as such banker he has statutory power to cross it to himself, and I never could see how such exercise of a statutory right could be a wrong to anyone. So that there was not before the Court of Appeal or the House of Lords any real question of a direct contravention of the Act done under a misapprehension. But are we constrained to say that such an act nullifies the protection? In one sense it is not in the ordinary course of business to make an unauthorised addition to a crossing: a thing which is illegal and contrary to statute cannot be in the ordinary course of business. But surely that is a narrow and somewhat casuistical view; may we not say that what Lord Macnaghten meant by the "ordinary course of business" was what would be the ordinary course of business presuming everything was in order, no forged endorsement, nothing wrong about either the customer or his predecessors in title, just an ordinary, everyday, legitimate transaction on all sides? It is not in the ordinary course of business to convert a cheque at all, and yet that is unquestionably covered. And if we accept this explanation, it applies equally to the rule as laid down by Collins, M.R. And if we confine the *Economic Bank* judgment to the particular question of unauthorised addition to the crossing which was present to the judge's mind, excluding, that is, the idea of forged endorsement, I think there is a way in which we can reconcile it with the broader rule which I believe to be the true one. If the right to add to the crossing pertained only to a holder for value, as was contended before Bigham, J., then the *Economic Bank* had not acted under any misapprehension of fact, but under a misapprehension of law, for which bankers, like other people, are liable. The bank must have known whether they were holders for value or not; according to their own contention they were not, and if the contention of the plaintiffs had prevailed, and only holders for value were entitled to add thus to the crossing, the bank would, in law, have knowingly done something to the cheque which they had no right to do, and the doing of which had no relation to the fact of the cheque bearing a forged endorsement, or their ignorance of that fact. It would have been just as much an unauthorised addition if the cheque had been a bearer cheque and the customer's title good. Such an act, an act contrary to law, even had the cheque been perfectly in order

throughout, could never be in the ordinary course of business or reasonably incidental to the process of receiving payment. I honestly think that, on this basis, we may say that Mr. Justice Bigham's judgment does not involve any narrow interpretation of the rule as to the extension of the protection to preceding acts, but that we may still read that rule as covering all preliminary acts of the collecting banker which would have been in the ordinary course of business as incidental to collection, had the cheque, endorsements, and customer's title been in every respect what they purported to be.

Now we have reached the stage at which I can revert to the question I mentioned as one which might possibly have been settled in this case. That question is one I think I have mentioned to you, namely, whether a cheque is a crossed cheque for the protection of paying or collecting banker when the crossing is put on, before it reaches the banker, by a person holding, possibly innocently, under a forged endorsement. I have been criticised for not making up my mind on the subject, but none of my critics have suggested the answer, and, on the crossed cheques sections, I do not see where the answer is coming from. Well, in this case, the bank were treated throughout as being in possession of the cheques under a forged endorsement and were still held entitled to cross them. But, as you must see from what I have told you, and as you will see even more plainly if you read the case for yourselves, the point was never really before the Court at all in this *Economic Bank* case; the whole argument and the whole judgment turn merely on the question whether a holder other than a holder for value is entitled to cross; the position of the man in possession under a forged endorsement, who is not a holder at all, was left out of the question altogether. So that although, on the lines the case ran on, ignoring the fictitious person as payee position, there were materials for deciding this question, it was not, in fact, decided or even touched on, and it would therefore be ridiculous to treat this decision as affording any authority for the contention that a person in possession under a forged endorsement can effectively cross a cheque for any purpose whatever, even for that of protecting the paying or receiving banker. So far as I am concerned, therefore, the question of the banker's protection in such case remains still unsolved.

We have not yet got to the end of the points raised, if not settled, by this most suggestive but elusive *Economic Bank* case. I really feel quite grateful for the hints it has afforded me, forming, as it were, a text on which to base these lectures. For the case next touches the vexed question of "account payee," for a definite decision on which we have been waiting some fourteen years. When crossing the cheques specially to Williams Deacon

and Co., the Economic Bank added with a rubber stamp beneath the special crossing the words "account Economic Bank." And the indomitable plaintiffs contended that, even supposing the Economic Bank were, as holders, entitled to cross the cheques specially, this further addition, "account Economic Bank," was an unauthorised addition to the crossing, the general crossing which the bank had converted into a special one; and that this constituted an independent wrongful dealing with the cheque, and deprived the defendant bank of protection. The judge, however, declined to take that view. He said, "In my opinion these words 'are not in any sense an addition to the crossing. A crossing is 'a direction to the paying bank to pay the money generally to 'a bank, or to a particular bank, as the case may be, and when 'this has been done the whole purpose of the crossing has been 'served. The paying bank has nothing to do with the application of the money after it has once been paid to the proper 'receiving banker. The words 'account A. B.' are a mere 'direction to the receiving bank as to how the money is to be 'dealt with after receipt."

Now, as to this first point, the main one in this part of the judgment, namely, that the words "account payee" or "account "A. B." do not constitute an unauthorised addition to the crossing within the meaning of the Bills of Exchange Act, that accords with the answer or opinion you will find set out in the "Questions "on Banking Practice," 5th edit., Question 443. At one time, years ago, I had doubts on the subject, but those were set at rest prior to that opinion being given. Unauthorised the use of such words unquestionably is, in the sense that there is no statutory authority for them and no statutory effect annexed to them. And addition to the crossing they also are when, as is usually the case, they are written within the parallel transverse lines. But I think Bigham, J., is quite right in holding they are not an unauthorised addition such as is aimed at by the Bills of Exchange Act. I think that term is rightly confined to alterations or additions which, on the face of them, purport to have a direct legal effect under and by virtue of the crossed cheques sections themselves, as, for instance, the addition of a general crossing to an uncrossed cheque, or the insertion of a banker's name between the transverse lines of a general crossing. This, of course, is not the case with words such as "account payee." As Bigham, J., points out, they have really no direct bearing or effect on the crossing. But when he goes on to deal with the consequences of the words "account payee" and their relation to the paying and collecting bankers respectively, I think he rather minimises their significance. With regard to the paying banker, it is quite true that, in ordinary cases, where the cheque is to bearer or bears only one endorsement, the paying banker cannot, and is not

bound to, see to the application of the proceeds or take any notice of these words. As Bigham, J., says, he fulfils the whole of his duty if he pay in accordance with the actual crossing. But I take leave to reserve my doubt, expressed elsewhere, whether the paying banker would not be bound to take notice of the words "account payee" or "account A. B." when there were on the cheque endorsements subsequent to that of the payee or A. B., showing plainly that the cheque was being utilised contrary to the intention of the person who put those words on it, presumably the drawer, the banker's own customer.

So, again, with regard to the collecting banker. I very much doubt whether it can now be said, as Bigham, J., holds, that the words are a mere direction to the receiving bank as to how the money is to be dealt with after receipt. I know that is the stock phrase, I may have used it myself casually once on a time. The formula I prefer is that it operates as a caution or notice to the collecting banker that he must take extra precautions, and satisfy himself that things are all right, if the cheque is paid in by any person other than the one whose account is indicated by these words.

Possibly the two rules come to much the same thing; only the one I quoted first seems to approach the matter at too late a stage. If a cheque crossed "account A. B." is paid into your bank by C. D. for his, C. D.'s, account and you receive the proceeds for C. D., how are you going to put them to A. B.'s account? He may not bank with you at all. If you take it at all you have absolutely to disregard the direction "account A. B." I do not say you may not be all right; these words do not restrain the transferability, nor, as I maintain, the negotiability of a cheque, so that you may find that C. D. has a perfectly good title to the cheque and its proceeds, a title derived from A. B. I believe I once countenanced the idea that these abominable words might have some effect on the negotiability of the cheque, that they might put a transferee on enquiry. But that was long ago. "*National Bank v. Silke*" was decided afterwards, and I have not that slavish adherence to previous utterances of my own, characteristic of Pilate and some other eminent persons. My maturer view is as follows. Taking into consideration the undesirability of recognising in law the heresy of constructive notice with regard to negotiable instruments, so strongly denounced by Lord Herschell, the fact that a cheque must not be an ambiguous or embarrassing document, the existence of the not-negotiable crossing with definite statutory consequences annexed to it, whose functions would be infringed if similar results were attached to this fungous growth, and the fact that the words themselves, involving an account, seem directed to the banker and not the transferee, I think a Court ought to, and, I hope, would set its

face sternly against recognising this unwarrantable introduction as in any way restraining the negotiability of the cheque, affecting a transferee with notice, or putting him on enquiry.

GILBART LECTURES.

By SIR JOHN R. PAGET, BART., K.C.

Third Lecture. Delivered February 6th and 9th, 1905.

WHETHER the words "account payee" touch the transferee or not, decision and reasonable construction alike point to their touching a banker. Which banker? Primarily, the collecting rather than the paying banker. Save in the possible combination of events which I have suggested, I agree with Bigham, J., that the paying banker is not bound to do more than pay the cheque when presented through the proper channel. He has nothing to do with the account into which it goes. But the receiving banker has. "Account payee" is addressed to the payee's banker, "account A. B." is addressed to A. B.'s banker. The cheque, being crossed, must come through a banker's hands; if specially crossed, through that particular banker's hands; the words must be assumed to have been put on by the person for the time being entitled to control the destination of the cheque, and so you have the intimation, for what it is worth, that that person's intention was that the cheque should be presented by the specified person's banker on his behalf and the proceeds carried to his account. And that, of necessity, involves an intimation, an expression of that person's intention that the cheque shall not be taken or presented for another account, nor the proceeds credited to another account. Indeed, this negative import of the words is stronger than the positive. If the cheque is paid in by the specified person, the direction or intimation is obviously superfluous, the cheque would, in the ordinary course of events, and without any such direction, be presented for and credited to the account of that person. So that the words constitute a prohibition, or, at least, an intimation of a negative character. It is an intimation affecting the cheque, not only the proceeds. It is on the face of the cheque for one thing. And, in any event, if you take it for another account, you must put the proceeds to that account, so you only put off the evil day, and that to a period when it is

probably too late. So face it, and treat it as an intimation to the collecting banker with regard to the cheque itself, which I believe it is. Now, none of the objections which I have enumerated as precluding this intimation from touching a transferee apply to your case as receiving banker. "Account payee" is not addressed to a transferee, it is addressed to the collecting banker; if you are not the payee's banker, or you take the cheque for another account, you are putting yourself in the shoes of the collecting banker, and must take the warning to yourself; negotiability is not in question, because you are not taking the cheque by negotiation; ambiguity it does not lie in your mouth to set up, because you have taken the cheque with these words on it and are presumed to know what they mean; the relation of these words to the not negotiable crossing will not help you; you are protected against one, and there the protection stops. But the main difference between you and the transferee lies in this; that his title is not invalidated by negligence, unless so gross as to amount to fraud, whereas your protection under Sec. 82 is absolutely gone, if negligence is proved against you. Is it then negligence to disregard this warning and take the cheque without enquiry for an account other than that indicated? No judge or jury has ever yet, so far as I know, decided the point. Your position is this; you know that, despite these words, the cheque remains transferable; if marked "account payee" and the payee has a good title, he can transfer it to B., and B. again to C., and C. will be perfectly entitled to the cheque and the proceeds, and you will be quite safe, though you may have taken it from and for the account of either B. or C.

Then you have to think of the negotiability of the cheque. If you adopt my earlier view, which, I may say, was also that of a far higher authority than myself, you will look at the matter from the standpoint that your customer's title is, at any rate, dubious, unless all prior titles are perfectly good. If you adopt my reconsidered view, that these words do not restrain or affect the full negotiability of the cheque, you will believe that any prior defect of title is cured when the cheque is in the hands of a holder in due course. And on all these points you must attribute the same knowledge to the person who put the words on the cheque. You must presume he knew the cheque could be transferred; you may conceive him as in a state of doubt as to its negotiability. But the fact remains that he has told you he does not want or mean it to go beyond a certain person. And that person has taken the cheque on an understanding that he shall not negotiate it. Not the sort of understanding which makes it a fraud to negotiate it, but still with an acquiescence in the transferor's expressed intention. Now, what would a reasonable man do in the circumstances; for that is the test of negligence

or no negligence. Would not he say, "How does this cheque come to be in the hands it is; why did the payee or the specified person come to part with it; it may, of course, be all right, but it is not what the drawer intended, the payee may have passed it on to somebody else for value because he knew he himself had got it by fraud, there is all this doubt about the effect of these words; I should like to know something more about the matter before I commit myself in any way; I must make some enquiries?" And so we get back to what I told you was my present view of the effect of these words on the collecting banker, namely, that they operate as a warning to him to exercise special care, and make reasonable enquiry, before he accepts the cheque for an account other than the specified one. It is an obligation not unknown to the law. The effect attributed to crossings before they received any statutory sanction was very much the same. They were held to operate as a warning to the paying banker to exercise special care and make reasonable enquiry before he paid the cheque otherwise than to a banker, or the particular banker whose name it bore. And now you see why I said that you must take the warning as attaching to the cheque itself; why I said that Mr. Justice Bigham's statement was incomplete, and why I said that if you regarded it as touching only the proceeds, any precaution you might take in consequence would come too late to help you. Once you have taken the cheque, how can you make any enquiries? You have undertaken to collect the proceeds for that customer's account, and you have just got to do so and risk the consequences. If you are going to do anything, you must do it when the cheque is brought to you, or not at all. If you do nothing, if your enquiries are insufficient, or if you rest satisfied with incomplete and unconvincing results, you will, if you subsequently have to seek the protection of Sec. 82, find yourselves dependent on the opinion of a judge or jury as to whether you have acted without negligence, have acted as a reasonable man would have done, had his own interests been at stake. One word more. You may remind me that above my name, and that of a far higher authority than I, in the "Questions on Banking Practice" appears a statement that the effect of "account payee" on a collecting banker who takes a cheque for another account might largely depend on the way in which bankers generally dealt with the matter, whether they habitually disregarded the intimation or not. I beg to say that was written 17 years ago. For those 17 years the use of these troublesome, indeterminate words has been going on and increasing; I hardly ever get an application for money but I am asked to cross my cheque "account somebody or other," which I never do, and never will do; bankers have acquiesced in the practice, the public have naturally concluded that there is some efficacy in the words, and if all the bankers

in London were now to stand up and say they never took any notice of those words, habitually disregarded them, and collected the cheque for any account it was tendered for, I do not believe it would have the slightest weight with a Court, or be the slightest use to a banker who had collected, for another account, without enquiry, a cheque so crossed to which his customer had no title. As a matter of fact, I believe bankers do now, as a rule, take cognisance of these words, and, save in exceptional cases, decline to take the cheque for an account other than that indicated. If that be so, you have clinched the case against yourselves, and increased your obligations and dangers. The utilisation of these words may have had some counterbalancing advantage in driving people who habitually receive cheques so crossed to open banking accounts. A man may get a friend to give him cash for an ordinary crossed cheque, but he would be a friend indeed as well as in need, if he gave cash for one crossed "account payee," with the knowledge that his own banker would probably refuse to collect it for him, and the paying banker would certainly not pay it unless it came through a bank. What the unfortunate creature who casually gets such a cheque and has neither a bank or a confiding friend is to do is not very clear. He might open an account with the cheque with one of the banks which now welcome small customers, get a pass-book for nothing, draw out the money by a cheque written on a half-sheet of note-paper and a penny stamp, and close the account, or he might apply to the person who gave him the cheque to change it for an open one or cash. Neither of these courses seems productive of much benefit to you.

One more point of interest arising out of this thought-producing case I wish to deal with. The Economic Bank had two accounts with Williams Deacon & Co., one a current account, which was always in credit, and the other a loan account, which was, naturally, always in debit, for which Williams Deacon & Co. always held securities, specifically deposited to cover it, and allowing a fair margin. But sometimes the debit balance on the loan account exceeded the credit balance on the current account. The operation of clearing cheques sent by the Economic Bank for collection was, of course, conducted through the current account. And the plaintiffs contended that, by passing these cheques through the current account, the Economic Bank had subjected them to a lien in Williams Deacon's hands for the balance due on loan account, practically pledging them for their own debt, and that this was a method of dealing with them inconsistent with the rights of the true owner, and unconnected with the ordinary business of collection, and so depriving the bank of protection. Bigham, J., characterised this point as a fanciful one. And he gave his reasons for so doing. "Williams Deacon & Co.," he said, "received the cheques for the purpose of collection merely,

“and therefore could not use them except to present them for payment. They could not have detained them; they were bound at once to present them for payment. Moreover, Williams Deacon & Co., as bankers, would know that the cheques paid in to them might be the property of the defendant bank’s customers (as, in fact, these particular cheques were), and they could have no right to exercise a lien on securities which were not the property of the defendants.” As you see, the judge assigns two reasons why the lien would not attach; one general, the other based on the particular facts of the case. First, he says the lien would not attach, because the cheques were sent for the purpose of collection. If that were so, it would mean that no banker has a lien on cheques paid in for collection by a customer whose account is overdrawn. But I have no hesitation in saying that is not the law. A banker has a lien, an implied pledge, on all negotiable securities of his customer’s coming into his hands in the course of his business as a banker. Of the few things which are absolutely beyond dispute, this is one. It was part of the law merchant, and was recognised as such by the House of Lords years ago in “*Brandao v. Barnett*,” and has never been questioned since. And if there is one state of affairs in which a negotiable instrument is in the hands of a banker in the way of his business, it is when a cheque, and especially a crossed cheque, is handed him for collection. It was expressly stated by the House of Lords, in “*Currie v. Misa*,” that the banker has a lien on securities paid in for collection. It is a banker’s primary business to keep his customer’s current account; and there must be thousands of people whose current account is made up solely of cheques and dividend warrants paid in by the customer or received by the banker on his behalf, which cheques and warrants the banker collects; accounts into which payments in gold are never made. And, in the case of crossed cheques, collection by a banker is an imperative and statutory necessity, and the banker has such cheques in his hands solely and absolutely because he is a banker, and in order that he may deal with them in the course of his business as such. Of course, we know that the lien may be displaced by agreement to the contrary, or by circumstances inconsistent with its exercise. A banker has, for instance, no lien over goods deposited for safe custody, plate chests, and the like. Mr. Justice Bigham appears to consider that the undoubted obligation to present cheques and bills paid in for collection is a circumstance of this nature, precluding the lien. But that is not so. The obligation to present is not inconsistent with the lien. It is merely an instance of the duty incumbent on every holder of a lien or pledge to do everything that is necessary for the maintenance of the security. It is an incident of negotiable securities, such as bills and cheques, that if not presented at the

proper period their value deteriorates, liabilities on them are released or prejudiced. Where a banker has a pledge of or a lien over a negotiable instrument, his obligation to present it at the proper time is based on just the same grounds as that of the pawnbroker who has taken a fur coat in pledge and must put camphor with it to keep off moth, or an innkeeper who has a lien over a guest's horse and must not let it starve, neither of which duties can be said to be inconsistent with his pledge or lien. In this sense, namely, that of being bound to present, Williams Deacon & Co. could not, as Mr. Justice Bigham points out, have detained the cheques. But, as I have shown you, that fact does not rebut the lien. And treating the question as, up to this point, he was doing, as one simply of customer and banker, it would be incorrect to say, in any other sense, that the banker could not detain negotiable instruments by virtue of his lien. If a customer who is overdrawn pays in bills or cheques for collection, and before the time arrives for presenting them, were to come and ask for them back again, the banker would, in my opinion, be perfectly justified in refusing to give them up, except on the terms of the overdraft being paid off. And his justification would lie in his lien or implied pledge.

Bigham, J.'s, other reason for the exclusion of the lien in this case was that Williams Deacon & Co., as bankers, must have known that the cheques sent to them by the Economic Bank might be the property of that bank's customers, and could have no right to exercise a lien on securities which were not the property of that bank. It is curious that he interpolates, as I read to you before, the words "as, in fact, these particular 'cheques were.'" Doubtless Nobbs, *alias* Evans, was a customer of the Economic Bank; but he had obtained those cheques by gross fraud, amounting, if you like, to larceny by a trick; they were not payable to him or issued to him, they were payable to somebody else, whose name he forged, and he never for a single instant had one tittle of property or right in them. What I suppose the judge meant was that they were at one time ostensibly the property of a customer of the Economic Bank. Apart from this, the question raised involves some difficulty. Bigham, J., holds, in effect, that no clearing banker or banker, agent for another banker can have a lien on cheques transmitted to him for collection by a non-clearing bank or bank for which he is agent, for monies due from that bank, if such cheques have been entrusted to that bank for collection only. Now, is that so? Take a supposititious case: a country bank has a London agent, a clearing bank. Customers of the country bank pay into it for collection cheques drawn on various London banks. The country bank sends these up to its London agent in what I assume to be the usual way, describing them as "to your debit." Has the

London agent a lien on these cheques? If the country bank failed, could the London bank retain the cheques or the proceeds? I am assuming that, throughout the transaction, the country bank is indebted to the London bank in an amount exceeding that of the cheques. Of course, the country customers would say, "we know nothing about you London bank, we never authorised our country banker to employ you, or deal with the cheques as his own; we never parted with the property in them, the country banker merely held them in a fiduciary capacity; dealings between him and you cannot deprive us of our property." And in the case of anything but a negotiable instrument such a contention would probably be conclusive. In the case of a chattel, such as a horse or a cart, a lien can only be created by the real owner or someone to whom the real owner has entrusted the article on such terms as show that he contemplated the temporary possessor having, as ostensible owner, occasion and implied authority to give a lien over it. This was well exemplified in the recent case of a dog-cart let out for hire, with an obligation on the hirer to keep it in repair. The Court held that the owner could not claim it as against the coach-builder who had repaired it, by order of the hirer, except on the terms of satisfying his charges. It has been suggested that this principle, apart from any question of negotiability, would justify the claim of lien by the London bank. The country customer, it is said, must know that the cheques would pass through the hands of a London bank, and that the London bank might have claims against the country bank. But I do not think that will do. The presumption of authority to create a lien is not strong enough, the circumstances do not warrant it. The man who lets out a dog-cart which the hirer is to keep in repair inevitably knows that, if it has to be repaired, the repairs will cost something, and that the repairer would, in ordinary cases, have a lien for his bill. But, even if we admit that the country bank's customer contemplates that bank's availing itself of the services of a London bank, it is going a great deal further to say that he is bound to anticipate the contingency of the country bank being indebted to the London bank. If, therefore, the London banker's claim to apply cheques sent to him by his correspondent for collection, or the proceeds, to that correspondent's indebtedness is to be supported, it must, I think, be based on the negotiable character of the instruments. There are two ways in which the banker might avail himself of this characteristic of negotiability. He might either set up the character of transferee for value or he might contend that the cheques came into his possession in his capacity as banker, and that, therefore, he had a lien on them. Apart from these two contentions, I do not see that he could rely on a set-off against the proceeds. Unless he can assert

an independent title to the cheques, he could not retain money belonging to the principal for the debt of the agent. There are difficulties to be met either in the assumption of transferee for value or banker with a lien. As to the first, the position of transferee, something might turn on the course of dealing. If the method of business was by a simple debtor and creditor account, it might be urged that the transactions and relations were identical with those of two ordinary business firms with a running account between them, one supplying goods and the other making payments in advance or on account, and that all cheques transmitted were either on account of existing indebtedness or in consideration of future advances. But, if you were pressed for a candid opinion of your own position in the matter, would you say you really looked on yourselves as transferees, or your relations with your correspondent as of the nature above described; would you not rather define your situation as what I generally see it designated, that of London agent; would you not say that you received and dealt with the cheques as agent, accounting to your correspondent for the proceeds, and relying on your banker's lien to recoup yourself any amount which you allowed the correspondent to anticipate or overdraw? I think that is the more reasonable way of looking at the matter. But the difficulty in the path of this contention is the same I dealt with before, when treating of the clearing bank's position with regard to Sec. 82. A banker's lien only extends to securities deposited with him by a customer or by someone else to be placed to that customer's account. The origin of the lien is the law merchant, recognised by the Courts, and I do not think the law merchant or any decision ever recognised it as attaching outside or apart from the relation of banker and customer. Can we then say that the country or non-clearing bank is the customer of the London or clearing bank? As I said before, it seems a rather strained and unusual application of the term; but we conceded it with regard to Sec. 82, and I suppose we must do the same here. Mr. Chalmers apparently regards it as legitimate; for he treats the case of "*Johnson v. Robarts*," to which I shall presently refer, as one decided on the banker's lien, and adds the words "where the customer was a country bank." And the balance of American opinion is strongly in favour of the same view. "*Johnson v. Robarts*" was decided in 1875. Johnson was a customer of Wylde & Co., a country banker. Robarts were London agents of Wylde & Co. Johnson paid in some bills to Wylde & Co.'s for the express purpose of meeting acceptances of Johnson's, made payable at Robarts'. Wylde sent up the bills to Robarts, requesting them to pay the acceptances to the debit of Wylde & Co., and appended a schedule to the letter in the form of a debtor and creditor account, debiting Robarts with

the remitted bills and crediting them with another payment they wished made. Before Robarts paid the acceptances, Wylde & Co. stopped payment, being, at the time, very largely indebted to Robarts. Robarts never paid the acceptances, but stuck to the remitted bills and applied them in reduction of the debt from Wylde & Co. Johnson objected, claiming that Robarts could not keep the bills, not having paid the acceptances. The Lords Justices decided in favour of Robarts. They held that there was no specific appropriation of the remitted bills to the acceptances, no privity of any kind between Johnson and Robarts. They said that the bills were only remitted as part of a general account, just as if Wylde & Co. had merely said, "we remit the enclosed sums to be placed to our credit in your account, or in reduction of the balance due from us;" and they intimated that it would be utterly impossible for a London banker to transact his business as an agent for another firm if the plaintiff's contention were maintained. Mr. Chalmers, as I told you, refers this case to the doctrine of the banker's lien existing as against the correspondent. The Court do not distinctly formulate the position of the defendant bank; they do not state by what particular right they held the bills remitted, whether as transferees or by virtue of the lien. They recognise that, one way or another, the London bank had an independent title to the bills, and that is the point we want. But though the case helps us a good deal, I am not prepared to say it carries us the whole way. I think we must admit that there is some difference between bills remitted in this way and whole piles of cheques remitted for collection. I do not think we can shut our eyes to the fact, for what it is worth, that there is a greater probability of some at least of the cheques being in the country or non-clearing bank's hands merely as agents for customers. I think we can get over this difference, but I do not want to slur it over. For the next thing is, that whether you rely on transfer or lien, two conditions must be fulfilled. Your correspondent must remit or deposit the securities as his own, and you must receive them in good faith and without notice of any right behind his, or any defect in his absolute title. As Mr. Morse, the American writer on banking, well puts it, the banker has a lien on negotiable securities against the true owner, if taken *bonâ fide* and with no notice of the trust, if the customer deposits them as his own. Again, he says, "If the owner has delivered the paper to an agent with no *indicia* whatsoever to show that such agent is not the owner, and the sub-agent receives it from the agent, supposing him to be the owner, and gives him credit on the strength thereof, then the principal cannot recover from the sub-agent." Does then, in the first place, your correspondent remit the cheques as his own? Save for the deduction, if any, to be drawn from the fact of his being a banker, and, as such, having

customers, I think he does; he certainly never conveys to you any information to the contrary. If he sends them expressly for collection, that means, primarily, collection for himself. This question really stands on the same footing as the next and most important one, namely, do you take such cheques in good faith and without notice of any ulterior right or defect of title? And Bigham, J., says you do not. He interprets the mere fact that your customer is a banker as notice that the cheques may be the property of the customers of that banker, so depriving you of any lien or other right to cheques which prove to be so or their proceeds. I will give you his exact words again. "The next question is, have the defendants done anything more than receive payment, so as to make themselves liable in trover. It is said that they have. It is argued that, in sending the cheques to Williams Deacon & Co.'s bank, they subjected them to a lien in the hands of that bank by reason of the existence of the loan account, the debit to which at times exceeded the credit to the current account, and that this constituted a conversion. This is, in my opinion, a fanciful point. Williams Deacon & Co. received the cheques for the purpose of collection merely; and, therefore, could not use them except to present them for payment. They could not have detained them, they were bound at once to present them for payment. Moreover, Williams Deacon and Co., as bankers, would know that the cheques paid in to them might be the property of the defendant bank's customers (as, in fact, these particular cheques were), and they could have no right to exercise a lien on securities which were not the property of the defendants." All but the last clause of this quotation I have dealt with before. Now let us deal with this last and most important clause. What is imputed to you as notice? Simply this, that you are taken to know that the cheques might be the property of your correspondent's customers. I suppose we must admit that you do know this. I do not think you, as bankers, could ignore the possibility that any particular cheque of the batch remitted might have been paid in to your correspondent by a customer for collection only. But are we bound to deal with possibilities or even probabilities in this way? One harks back to Simmons' case, and finds Lord Herschell saying, "It is surely of the very essence of a negotiable instrument that you may treat the person in possession of it as having authority to deal with it, be he agent or otherwise, unless you know to the contrary; and are not compelled, in order to secure a good title to yourself, to enquire into the nature of his title or the extent of his authority." The notice suggested by Bigham, J., can only be derived from the fact of your correspondent being an agent, and his view seems distinctly contrary to Lord Herschell's. He seems to import that construc-

tive notice which Lord Herschell so strongly denounces in the same case. We have often gone into the question of notice and good faith with regard to negotiable instruments. The tests of the two can hardly be treated separately, they blend or overlap. Negligence is not bad faith, a thing is done in good faith if done honestly, albeit negligently, but actual notice is not the only form of notice. Putting aside the grosser forms of dishonesty, which include disregard of actual notice, a man cannot take in good faith and without notice if there be anything which excites the suspicion that there is something wrong in the transaction, and he shuts his eyes to the facts presented to him and puts the suspicions aside without further enquiry. That is Lord Herschell's definition, and it has been laid down in practically the same form by other high authorities. A judge or a jury have a perfect right to look at all the surrounding circumstances in order to arrive at what was the real state of the man's mind, whether he was dishonest or merely honestly blundering, whether the facts alleged to constitute notice were such as necessarily to convey some suspicion to his mind. It would be ridiculous to accept a man's mere assertion that he had no suspicion in the face of facts clearly leading to the inference that he had. But before you can affect a man with notice or bad faith you must lay an absolute foundation of fact for what is, in reality, an aspersion on his honesty; you must prove affirmatively an actual existing state of facts of which he was cognisant, and which he cannot have honestly ignored. And you do not accomplish this by showing that there were alternative methods by which the transferor might have become possessed of the instrument, and that the transferee had knowledge that such alternative methods existed, even though one of such alternative methods would render the transferor's dealing with it in the way proposed improper. You must show circumstances definitely pointing to the improper alternative being the one existing in the particular instance. If the transaction is, on the face of it, legitimate, if the transferor is a person of decent repute, you may take a negotiable security from him safely without speculating on possibilities; you are not bound to be suspicious unless there is something definite to arouse suspicion, the presumption is in favour of his dealing honestly.

Now, this is where Bigham, J., goes too far. He attributes notice to the London banker because, he says, the London banker must have known that the cheques might be the property of the country banker's customers. It is this introduction of the alternative possibility by the word "might" and the effect given to it that I object to. Anybody who tenders you a bill or cheque might have stolen it. The only groundwork of Mr. Justice Bigham's deduction rests on two assumptions, legitimate enough in themselves; first, that you know your correspondent is a

banker; second, that you know bankers collect cheques for their customers. But to say that that constitutes notice seems to me directly opposed to Simmons' case. You know you are dealing with a person who, from his occupation, may be acting as agent; Simmons' case establishes that that does not put you on enquiry; you know that, in his capacity as agent, he may hold the securities for other people; that, again, was held in Simmons' case not to constitute notice. It might be said that there is a difference between a broker depositing securities for a fresh advance and a banker transmitting securities which he knows you may utilise to cover his own existing indebtedness; that in the first case there is the possibility that, if they are not his own, he may have been commissioned to obtain advances on them for a client, whereas this could not be so in the second case. But I do not think you are called on to weigh these refinements. Such a view is not authorised by the decisions. There are so many legitimate methods by which the transmitting banker may hold the cheques in a capacity fully entitling him to pledge them. He may have taken them from customers whose accounts were overdrawn; he may have, probably has, entered them as cash before transmitting them to you. Either state of circumstances makes him holder for value and justifies him in doing with them just what he pleases; and, as I said, where the circumstances are equally consistent with two theories, you are entitled to adopt the one and ignore the other. And, viewed in this light, "*Johnson v. Roberts*," the case I mentioned before, does seem to help us. It would have been fatal to the defendants' case if they had been affected with notice of the plaintiff's title, whether they relied on their title as transferees or on their lien. The Court expressly say there was no evidence whatever of such notice. Yet Wylde & Co. were bankers, and Roberts & Co. knew this, and must equally have known that the bills might be the property of customers of Wylde & Co., as, in fact, they were. And yet Roberts & Co. won.

So, again, in "*ex parte Armistead*," in 1828, two bills not yet due were paid into a country bank, Dilworth's, by customers, under circumstances which led the Court to the conclusion that they never became the property of the country bankers. The country bank remitted them to Barclay & Co., who were their London agents, and to whom they were indebted on a running account. Barclays discounted one of the bills, and held the other till after the country bank had become bankrupt, when they received the proceeds from the drawee. The money realised from both bills they placed to the credit of the country bank, thus reducing the balance due to themselves. At the date of the bankruptcy of the country bank, it was indebted to Barclays in about £10,000; but Barclays held securities for over £20,000 as cover for their advances. The customer claimed to be repaid the

amount of the bills out of the securities in Barclays' hands, or out of the surplus of those securities after Barclays' claim for the balance owing to them had been satisfied. The assignees of the bankrupt country bank opposed, wanting all the surplus for the creditors. The Court held that the disposal of the bills by the country bank to Barclays was improper, the bills having been entrusted to the country bank for a specific purpose, apparently collection, and that as there was a large surplus in Barclays' hands after their claim was satisfied, the customer was entitled to stand in Barclays' place with regard to the securities to the amount by which the balance had been reduced by the proceeds of the bills, and therefore to be paid out of that surplus. But there is no suggestion whatever that Barclays were or could be liable to refund the amount of the bills out of their own pockets, or out of the securities, except subject to full satisfaction of their own claims. And yet this would surely have been the result if the Court had taken the view that they were in any way affected with notice of the possible rights of the customer, which, seeing that they stood in relation of London agent and correspondent to the country bank, would seem to be the idea suggested by Mr. Justice Bigham.

Let us turn for a moment to the American cases. Mr. Morse lays down the law thus, "If a bank have notice that paper does not belong to the debtor, as where one bank sends paper to another, endorsed 'for collection on account of A. B.,' the receiving bank cannot apply the proceeds to the debt of the transmitting bank, as it may in the absence of any notice that it does not belong to the debtor bank." And for this proposition he cites, among other cases, that of "The Bank of the Metropolis v. The New England Bank," which is a decision of the Supreme Court of the United States. He notes, however, that the Supreme Court of New York has taken a different line. In the case of "M'Bride v. The Farmers' Bank," that Court laid down that a course of dealing and accounting between the banks could not be allowed to affect the rights of the holder and owner of the paper who has never parted with his property in it. But, as Mr. Morse points out, New York stands by itself in this respect, and the decision in the Metropolis and New England Bank case is that of the higher tribunal; and he adds, "that Court say, 'in substance, that the endorsement, being general, vests such an apparent title in the indorsee bank that the subsequent banks are justified, without enquiry, in treating the paper as if the real and absolute title was in that bank. It is upon this principle that the whole decision turns.'"

The American decisions which go to substantiate the lien are, no doubt, somewhat influenced by the non-endorsement of the cheques in the restrictive form "for collection only." They

imply that, if the customer wants to safeguard his rights, he ought to give notice of them by adopting that form of endorsement. We have the same form of restrictive endorsement authorised by Sec. 35 of the Bills of Exchange Act, and it is, of course, open to the customer to avail himself of it. I do not fancy it is often utilised in case of collection, and an English Court might hesitate to hold the customer's position the worse for the omission. That, however, does not affect the general position as I have previously defined it. You find negotiable instruments in the hands of a presumably honest person, and you are entitled to look upon him as the owner.

GILBART LECTURES, 1905.

EXAMINATION PAPER.—*Tuesday, February 28th, 1905. 7 to 9 p.m.*

1.—Give your views as to the present position of the question of crediting crossed cheques as cash.

2.—Does the protection afforded a bank receiving payment of a crossed cheque for a customer extend to (a) a country bank forwarding such cheques to its agent, a London clearing bank for collection, (b) that London bank? Give reasons for your answer.

3.—A country bank receives cheques on London banks from a customer for collection. It forwards them in the usual way to its London agent, to whom it is largely indebted on current account. Has the London bank a lien on such cheques? Give reasons for your answer.

4.—Discuss the question of the "account payee" crossing in its relation to (a) a transferee of the cheque, (b) the paying banker, (c) a banker to whom it is tendered for collection by a customer other than the payee.

5.—A bank, having discounted a bill for a customer and placed the proceeds to his credit, sent to the ostensible acceptor, a business man with whom they have had no previous dealings, notice that the bill is in their hands, and asking him to provide for it. He knows he has executed no such bill, but does not communicate with the bank for a month, during which the customer has drawn out all the money and absconded. He then alleges that the acceptance was a forgery. Discuss the bank's position.

The Examiner reports as follows:—

"The average of marks shows no falling off, but I should be better pleased if more of the papers indicated independent work and thought."

All gentlemen included in the Prize List (85) gained 90 marks and upwards out of 100. Certificates of Honour have been awarded to the next 119 Candidates, who gained at least 80 marks; Certificates of Distinction to the next 35, who gained at least 75 marks; and Certificates of Merit to the next 79, who gained 60 marks and upwards.

PRIZES.

Black, Kenneth Macleod	...	}	<i>Bank of Adelaide</i>	...	£3
Cracknell, Alfred Percy	...		<i>London & Provincial Bank</i>	...	£3
*Reade, Victor Ernest	...		<i>London & Provincial Bank</i>	...	—
*Terrett, Harold Walwyn	...		<i>London & Provincial Bank</i>	...	—
Thornton, John Wemyss	...		<i>Birkbeck Bank</i>	...	£3
*Wilson, Harry Trevor	...		<i>London & South Western Bank</i>	...	—

* Former Prizeman, eligible only for a Special Certificate of Honour.

PRIZES—continued.

Clark, John Edward ...	...	...	London Joint Stock Bank ...£2 15s.
Davis, Thomas ...	...	...	London & South Western Bank£2 15s.
*Emra, Cyril Ormiston ...	...	eq.	London Joint Stock Bank ... —
Grant, Edward Scott ...	...	...	London & South Western Bank£2 15s.
*Hamilton, Frederick ...	...	...	London & Provincial Bank ... —
Simmons, William Gordon ...	...	...	London & Provincial Bank ...£2 15s.
Smith, Sydney Thomas ...	...	...	London City & Midland Bank£2 15s.
Curties, Thomas Stephen Philip ...	...	...	London City & Midland Bank£2 10s.
Dickinson, Frank Cecil ...	...	...	London & South Western Bank£2 10s.
Fuggle, George William Ticehurst ...	...	eq.	London & Provincial Bank ...£2 10s.
Gahagan, Herbert ...	...	...	London Joint Stock Bank ...£2 10s.
Mollett, Frederick Lewis ...	...	...	London Joint Stock Bank ...£2 10s.
Beavis, Maurice James ...	...	...	London & Provincial Bank ...£2 5s.
Cram, Robert ...	...	...	London City & Midland Bank£2 5s.
Draper, Louis ...	...	...	Metropolitan Bank ...£2 5s.
Garrett, Alexander Adnett ...	...	...	Queensland National Bank ...£2 5s.
Hitchcock, John Wesley ...	...	eq.	London & South Western Bank£2 5s.
*Hulme, Percy George Goodlad ...	...	...	Bank of Adelaide ... —
Lane, James Alfred ...	...	...	London & South Western Bank£2 5s.
Ley, Hubert Frank ...	...	...	London & South Western Bank£2 5s.
*Street, William Francis ...	...	...	Birkbeck Bank ... —
Betteridge, Arthur Thomas ...	...	...	London & County Bank ...£2
*Bradfield, Harry Robert ...	...	...	London & Provincial Bank ... —
McArthur, Arthur John ...	...	eq.	London Joint Stock Bank ...£2
Morgan, Ivor Ewart ...	...	...	London & Provincial Bank ...£2
*Roekrue, Arthur Pearce ...	...	...	London & South Western Bank —
Whibley, Harold Ambrose ...	...	...	Messrs. Cox & Co. ...£2
Arnold, Arthur James ...	...	...	Lloyds Bank ...£1 15s.
Baines, Joseph ...	...	...	National Bank ...£1 15s.
*Bates, Clifford Arthur ...	...	...	London & South Western Bank —
*Bryne, Herbert Edwin ...	...	...	Birkbeck Bank ... —
*Carter, Dudley Horace ...	...	eq.	Birkbeck Bank ... —
Evans, James Rhys ...	...	...	London & Provincial Bank ...£1 15s.
Farren, Arthur Thomas ...	...	...	London & South Western Bank£1 15s.
Howland, Alario Trevor ...	...	...	London Joint Stock Bank ...£1 15s.
Park, Archibald ...	...	...	Royal Bank of Scotland ...£1 15s.
Anstey, Edward Archibald ...	...	...	Capital & Counties Bank ...£1 10s.
Gibbs, Herbert Frank Chappell ...	...	...	Bank of Africa ...£1 10s.
Hughes, William Egerton ...	...	...	Lloyds Bank ...£1 10s.
Munger, Robert Emerson ...	...	eq.	London & South Western Bank£1 10s.
Perkins, Lewis Arthur ...	...	...	Lloyds Bank ...£1 10s.
Perren, Joseph Leonard ...	...	...	Capital & Counties Bank ...£1 10s.
Rees, Lee John ...	...	...	London & Provincial Bank ...£1 10s.
Clarke, Harry Stanley ...	...	...	London & South Western Bank£1 5s.
Clansen, George Frederick ...	...	...	London & South Western Bank£1 5s.
Clemow, Arthur Montague ...	...	...	Birkbeck Bank ...£1 5s.
Compton, Alfred Charles ...	...	...	London Joint Stock Bank ...£1 5s.
*Dovaston, Harry ...	...	...	London & South Western Bank —
*Hepburn, Alexander John ...	...	eq.	London & Provincial Bank ... —
Lane, Charles John Richard ...	...	...	Capital & Counties Bank ...£1 5s.
Scrags, Herbert Albert ...	...	...	London & South Western Bank£1 5s.
Starling, Cecil Frederick ...	...	...	London & South Western Bank£1 5s.
*Tamlyn, Frederick Arthur ...	...	...	London & Provincial Bank ... —

* Former prizeman, eligible only for a Special Certificate of Honour.

PRIZES—continued.

Allen, Herbert Edwin ...	...	s.	Messrs. Drummond's Bank ...	£1
Barnard, Francis Richard ...	...		London & South Western Bank	£1
*Bond, William Joseph ...	...		London & South Western Bank	—
Holden, Everard Osborne ...	...		London & South Western Bank	£1
Sibbiok, Edward Arthur James	...		London Joint Stock Bank	£1
Spawton, Thomas Harlock	...	s.	London City & Midland Bank	£1
Beesley ...	...		London & South Western Bank	—
*Tope, Ernest John ...	...	s.	London & South Western Bank	15s.
Allaway, Harold Clarke ...	...		London City & Midland Bank	15s.
Bunker, Frederick John ...	...		Bank of Adelaide	—
*Butterworth, Arthur ...	...		London & Provincial Bank	—
*Cox, Percy ...	...		Lloyds Bank	15s.
Dix, Alfred Norman ...	...		London & Westminster Bank	15s.
Dowlen, Charles Walter ...	...		London & South Western Bank	15s.
Down, Herbert John ...	...		London Joint Stock Bank	15s.
Jones, Arthur Henry Eustace...	...		London & Provincial Bank	—
*Masters, Edward Godfrey ...	...		London & Brazilian Bank	10s.
Antrobus, Wilfrid ...	...	s.	Messrs. Barclay & Co.	10s.
Barnes, John Ernest ...	...		Lloyds Bank	10s.
Cope, Harold Ruthven ...	...		London City & Midland Bank	10s.
Coward, Herbert Hugh...	...		London & South Western Bank	10s.
Daniels, Albert Pollikett	...		London & Provincial Bank	—
*Dickenson, Edwin Thomas ...	...		London & South Western Bank	10s.
Hewlett, Herbert Fitzgerald	...		Sydney	10s.
Webber...	...		London & Provincial Bank	—
Oakley, Percy William...	...		London & South Western Bank	10s.
*Salmon, Sidney Hughes ...	...		Commercial Banking Co. of	—
Worden, Frederick Cyril ...	...		Sydney	10s.
			London & Provincial Bank	—
			London & South Western Bank	10s.

CERTIFICATES OF HONOUR.

Barker, James Percival ...	...	s.	London & Provincial Bank	
Burne, Albert Wadham ...	...		London & Provincial Bank	
Cobb, Samuel James ...	...		Union of London & Smiths Bank	
Elgar, Harold ...	...		London & South Western Bank	
Fisher, John ...	...		London & Provincial Bank	
Fysh, Arthur Robert ...	...		London City & Midland Bank	
Hodge, Charles Hellyer ...	...		London & South Western Bank	
Hubbard, Ernest Alfred ...	...		London & Provincial Bank	
Jenkins, William ...	...		Chartered Bank of India, A. & C.	
Lewis, Frank ...	...		London & Provincial Bank	
Lindars, Louis Henry ...	...		London & County Bank	
Nichol, James ...	...		Birkbeck Bank	
Nichols, Frank Leslie ...	...		London & South Western Bank	
Norris, Clarence Edgar...	...		London & South Western Bank	
Phillips, Arthur Denys...	...		National Provincial Bank	
Richards, Stanley Wall ...	...		London City & Midland Bank	
Sewell, Reginald Percy	...		London & Provincial Bank	
Styles, John Francis George ...	...		London & Provincial Bank	
White, Charles Herbert	...		London Joint Stock Bank	
Wright, Oliver Walter Horace..	...		Messrs. Roberts, Lubbock & Co.	

* Former Prizeman, eligible only for a Special Certificate of Honour.

CERTIFICATES OF HONOUR—continued.

Agate, Robert George ...	...	eq.	London Joint Stock Bank
Benaton, Edward Herbert ...	...		London & South Western Bank
Buckland, Herbert Victor ...	...		London & Provincial Bank
Forbes, Robert George ...	...		London & South Western Bank
Foster, Benjamin Jenner ...	...		London & South Western Bank
Harris, Ernest Arthur ...	...		London & South Western Bank
Meredith, Leonard Pride ...	..		Parr's Bank
Smith, Albert Harry ...	...		National Provincial Bank
Wrightson, Herbert John ...	...		London & South Western Bank
Beckwith, John Henry ...	...		London & South Western Bank
Boyce, Carl Robertson ...	...	eq.	London & Provincial Bank
Cameron, Alexander Ansell ...	...		Union of London & Smiths Bank
Carter, Harold ...	...		Deutsche Bank
Hague, Percy Arnold ...	...		London City & Midland Bank
Handford, Frederick Stanley ...	...		London City & Midland Bank
Knight, Cunliffe Joseph Albert	...		Birkbeck Bank
Perren, Alfred ...	...		London & Provincial Bank
Poulton, Richard Greedy ...	...		London & South Western Bank
Rogers, Frederick William ...	...		Lloyds Bank
Sharman, Harry Joseph Richard	...		London & South Western Bank
Bedford, Alfred ...	...	eq.	Union of London & Smiths Bank
Beynon, William ...	...		Standard of South Africa
Codd, Francis John ...	...		Parr's Bank
Hearder, William Seaward ...	...		Parr's Bank
Holmes, Clifford ...	...		London & South Western Bank
Parsons, Frederic Charles ...	...		London & Provincial Bank
Pruce, John Walter ...	...		Bank of Adelaide
Scales, Charles Edward ...	...		London & County Bank
Staines, Edward ...	...		Lloyds Bank
Taylor, George Henry Hufford..	...		Grindlay's Bank
Treasurer, Alfred George ...	...	eq.	London & Provincial Bank
Waymark, Percy Edgar ...	...		London City & Midland Bank
Baker, William ...	...		London & South Western Bank
Berrie, Howitt Boyd ...	...		London City & Midland Bank
Bonner, Stanley Abbott ...	...		National Provincial Bank
Bourne, John Francis ...	...		London & South Western Bank
Bunster, Sydney Garfield ...	...		Lloyds Bank
Burrell, Robert Francis ...	...		London & County Bank
Hall, James Purdie ...	..		London & South Western Bank
Hesse, Albert Joseph ...	...		London & Provincial Bank
Hunt, Herbert Richard ...	...	eq.	London & Provincial Bank
Macken, Arthur Rixon ...	...		London & County Bank
McCurtain, William ...	...		National Bank of Scotland
Waterhouse, John Parry ...	...		London City & Midland Bank
Whittleton, Robert Harvey ...	...		London City & Midland Bank
Wright, Walter ...	...		London City & Midland Bank
Barnes, Francis William ...	...		London Joint Stock Bank
Bayley, William ...	...		London City & Midland Bank
Bishop, Stanley Thomas ...	...		London Joint Stock Bank
Broughton, Arthur Thomas ...	...		London City & Midland Bank
Coombes, George Fred ...	...	eq.	London City & Midland Bank
Corker, Archibald Gordon ...	...		Lloyds Bank
Crimp, Alfred Reginald ...	...		London City & Midland Bank
Kilgour, Arthur William Henry	...		London & South Western Bank
Knock, Edwin Elisha ...	...		London City & Midland Bank
Pattison, Ralph ...	...		London & Provincial Bank
Wilkins, William Frederick ...	...		London Joint Stock Bank

CERTIFICATES OF HONOUR—continued.

Bone, William Frederick ...	} <i>eq.</i> {	London & Provincial Bank
Carter, Christopher John ...		Lloyds Bank
Frost, Leonard James ...		National Provincial Bank
Gates, Oscar Hibble ...		Parr's Bank
Grurgeon, Cecil ...		London & Provincial Bank
Meredew, Percy Robert ...		Union Bank of Scotland
Privett, George Albert ...		London & County Bank
Schofield, Alan Gerald ...		National Provincial Bank
Tokeley, Sidney Allison ...	} <i>eq.</i> {	London & South Western Bank
Toothill, Herbert Ashworth ...		London Joint Stock Bank
Williams, William Arthur ...		London & Provincial Bank
Buist, William Tod ...		London & South Western Bank
Chorley, Henry David ...		London & Provincial Bank
Jones, Norman Shillingford ...		London & South Western Bank
Tucker, Alfred ...		London & South Western Bank
Waghorn, Charles William ...		Parr's Bank
Williams, David ...	} <i>eq.</i> {	London & Provincial Bank
Dunkley, Sidney Edward ...		London & South Western Bank
Gates, Thomas John ...		London City & Midland Bank
Hale, Fred William ...		London City & Midland Bank
Hancocks, Sidney Thomas ...		London City & Midland Bank
Harding, Wallace William ...		London & Provincial Bank
Lush, William Edward ...		London & South Western Bank
Ashton, Arthur Thomas ...		London & South Western Bank
Brundell, Arthur Biddle ...	} <i>eq.</i> {	London & South Western Bank
Burns, Thomas ...		London & Provincial Bank
Duke, Harold Percy ...		London & South Western Bank
Gurney, Albert Harry ...		London & South Western Bank
Harman, Edward Arthur ...		Bank of Africa
Hutchinson, Percy Oswald ...		London & Provincial Bank
James, Harold Jesse ...		London & South Western Bank
King, Kenneth Robert Gerard ...		London & South Western Bank
Le Grand, Charles Cecil ...	} <i>eq.</i> {	Parr's Bank
Parfitt, Edward Cecil ...		Parr's Bank
Walmsley, Alan ...		London & South Western Bank
Wheller, Frederick William ...		Birkbeck Bank

CERTIFICATES OF DISTINCTION.

Berridge, Edwin ...	} <i>eq.</i> {	London & South Western Bank
Blake, Frederick Henry ...		London City & Midland Bank
Drew, Harry ...		Grindlay's Bank
Morren, Harold Valerian ...		London Joint Stock Bank
Palmer, Leonard Charles ...		London & Provincial Bank
Rogers, John Stephen ...		London & Provincial Bank
Williams, Austin Lougher ...		London & Provincial Bank
Byers, Philip Robert ...	} <i>eq.</i> {	Birkbeck Bank
Chance, Maurice ...		London City & Midland Bank
Denning, Hamilton Gresley ...		National Provincial Bank
Howard, Cyril Frederic ...		London & South Western Bank
Kent, Harold Gage ...		Barclay & Co.
Keogh, John William ...		London Joint Stock Bank
Malcolm, George Thomas ...		London City & Midland Bank
Miller, William Arnold ...		London & Provincial Bank
Scott, Cluny Macpherson ...		National Provincial Bank
Stanwell, Fred Desborough ...		London & South Western Bank
White, Reginald Henry ...		London Joint Stock Bank

CERTIFICATES OF DISTINCTION—continued.

Beechey, Alexander George ...	} eq.	Martin's Bank
Brough, Francis Durling ...		Queensland National Bank
Burn, Alfred Gordon ...		Lloyds Bank
Elphick, Percy Thomas ...		London & South Western Bank
Morgan, Daniel Phillips ...	} eq.	London & Provincial Bank
Braithwaite, Dudley ...		London City & Midland Bank
Harvey, Lionel Charles ...		Williams, Deacon's Bank
Prior, Archibald Redington ...		London & South Western Bank
Smith, Frederick Henderson ...	} eq.	Lloyds Bank
Thomas, Arthur Edwin ...		London & South Western Bank
Williams, Robert Ossian ...		London & Provincial Bank
Blackburne, John Devereux ...		Bank of Africa
Carpenter, Cecil ...	} eq.	London & South Western Bank
Daye, John Lyell ...		Royal of Scotland
McLellan, Horace Edgar ...		Barclay & Co.
Nelson, Mark ...		London City & Midland Bank
Thomas, William Herbert ...		London City & Midland Bank

CERTIFICATES OF MERIT.

Canham, Edmund Samuel ...	} eq.	London City & Midland Bank
Curtis, Joseph Percy ...		National Bank of Australasia
Lush, Reginald Gregory Gilmore ...		London City & Midland Bank
Palmer, George Frederick ...		Lloyds Bank
Taylor, Herbert Leslie Grosvenor ...	} eq.	Grindlay's Bank
Garrett, Charles Thomas ...		London & South Western Bank
Hatteraley, William Edward ...		London City & Midland Bank
Hindhaugh, Harold ...		London City & Midland Bank
Moss, Walter Alfred ...	} eq.	London City & Midland Bank
Munden, William ...		London & South Western Bank
Symons, Harry Tilston ...		London & South Western Bank
Webb, Edwin Charles ...		London & Provincial Bank
Butterworth, Frank ...	} eq.	Messrs. Roberts, Lubbock & Co.
Horden, Leonard Pearce ...		London & South Western Bank
Laycock, Eustace Henry ...		Barclay & Co.
Thompson, George Cyril ...		London Joint Stock Bank
Writers, Edward Price ...	} eq.	London & Provincial Bank
Williams, Frank Henry ...		London & Provincial Bank
Allnutt, Alfred Walter ...		Lloyds Bank
Ayling, Charles Herbert ...		Bank of Adelaide
Dell, Leonard James ...	} eq.	London City & Midland Bank
George, Edward Monson ...		Alexander Fletcher & Co.
Griffiths, Thomas Hugh ...		London & South Western Bank
Hulse, Lawrence ...		Lloyds Bank
Massingham, George Brinkworth ...	} eq.	Lloyds Bank
McDonald, Charles Frederick ...		London City & Midland Bank
Samuel ...		London & South Western Bank
Taylor, Hubert Leonard ...		London & South Western Bank
Barker, John George ...	} eq.	Lloyds Bank
Betteridge, Percy George ...		London City & Midland Bank
Chamberlain, Albert ...		Bank of Adelaide
Duncan, James ...		Parr's Bank
Geeson, Harry William ...	} eq.	Union of London & Smiths Bank
Isley, William John ...		Parr's Bank
McDaniel, Edmund John ...		London & Westminster Bank
Parnham, Henry Wilson ...		

CERTIFICATES OF MERIT—continued.

Isaacson, Henry Godfrey St. Quentin			<i>Lloyds Bank</i>
Evans, Samuel	} eq.	{	<i>London & Provincial Bank</i>
Lamb, Wilfrid John			<i>Natal Bank</i>
Robinson, Herbert Stanley			<i>London City & Midland Bank</i>
Thornicraft, Henry Arnold			<i>London Joint Stock Bank</i>
Rosch, Benjamin Thomas	} eq.	{	<i>London City & Midland Bank</i>
Russell, Charles Henry			<i>London City & Midland Bank</i>
Trimmer, George Charles Beasley			<i>Parr's Bank</i>
Blake, George Frederick	} eq.	{	<i>London & South Western Bank</i>
Findlay, George			<i>Chartered Bank of India</i>
Hillier, Hugh Ernest			<i>London & South Western Bank</i>
King, Percival Beattie			<i>London & South Western Bank</i>
Morgan, Frank Edgar			<i>London & Provincial Bank</i>
Pethybridge, Walter Bradshaw Town, Frederick Shakespear			<i>London City & Midland Bank</i> <i>London & Westminster Bank</i>
Baker, Philip Sydney	} eq.	{	<i>London & South Western Bank</i>
Balcomb, Alfred William			<i>London & Provincial Bank</i>
Balknill, Arthur William			<i>Martin's Bank</i>
Keizer, Nathan			<i>Messrs. N. Keizer & Co.</i>
Morgan, Ifor Milwyn			<i>London & Provincial Bank</i>
Williams, Walter Rowland			<i>London Joint Stock Bank</i>
Gunson, Will am Cragg	} eq.	{	<i>Parr's Bank</i>
Hughes, David Owen			<i>London City & Midland Bank</i>
Scrags, Frank Edward			<i>London City & Midland Bank</i>
White, Frank			<i>London & South Western Bank</i>
Beedle, Ernest Frank	} eq.	{	<i>London City & Midland Bank</i>
Chessell, William Henry			<i>London & County Bank</i>
Munro George			<i>Chartered Bank of India</i>
Ellis, Richard Wilfrid			<i>Lloyds Bank</i>
Grieve, Charles Bertram Percy	} eq.	{	<i>London Joint Stock Bank</i>
Lambert, Charles Vivian			<i>London & South Western Bank</i>
Martin, Thomas			<i>Bank of England</i>
Wills, William Michael			<i>National Bank</i>
James, Frank John	} eq.	{	<i>London & Provincial Bank</i>
Lange, Herman Frederick			<i>London & Provincial Bank</i>
Palmer, Herbert			<i>London City & Midland Bank</i>
Phillips, Arthur Courtney			<i>Bank of Africa</i>
Wilde, Cecil Arthur			<i>London & Provincial Bank</i>
Boot, Claude Oscar			<i>London & South Western Bank</i>
Buckland, Sydney Walter	} eq.	{	<i>Barclay & Co.</i>
Clark, Henry James			<i>London & South Western Bank</i>
Mollett, Gottfried John William			<i>London & Provincial Bank</i>
Wood, Walter Gilbertson			<i>London & South Western Bank</i>

BRITISH BANKING IN RELATION PRINCIPALLY TO
FOREIGN TRADE.

EXAMINATION PAPER, YORK.

March 29th, 1905.

[Not more than Six Questions are to be attempted.]

- 1.—What is a sovereign? Describe the English cheque system.
- 2.—Explain and criticise the conditions upon which the Bank of England issues notes.
- 3.—Show how you would calculate (without actually making the calculation) the cost in London of gold bullion which, upon being sent to the Mint in Paris, will obtain for you 100,000 francs immediately after its arrival there.
- 4.—Obtain the relation between the cheque rate in London on Paris, the three months' rate in London on Paris, and the discount rate in Paris. How is it that the cheque rate in London on Paris and the cheque rate in Paris on London always tend to equality?
- 5.—Discuss some of the causes which influence (i) "the supply" and (ii) "the demand," with reference to the rate of exchange in London on Berlin.
- 6.—Explain what is meant by "General Average" in connection with carriage of goods by sea; and explain the principles upon which general average losses are made good by the interests concerned.
- 7.—Explain (i) Dock Warrant.
(ii) Documentary Bill.
(iii) Collateral Security.
(iv) "Cash against Documents."
- 8.—Show how a Partnership may be converted into a Private Limited Liability Company.

9.—What is meant by “Goodwill”? Discuss the question of including “Preliminary Expenses” in the Balance-Sheet of a Limited Liability Company.

RESULTS OF THE EXAMINATION.

PRIZES.

Benjamin Hill	... ..	<i>York City & County Bank, Ltd., Sheffield</i>	... £3
Wilfred Monkman	... ..	<i>York City & County Bank, Ltd., York</i>	... £2

CERTIFICATES (in alphabetical order).

J. G. Baker.	C. Fowler.	F. H. Monkman.
E. F. Beckett.	T. S. Hewetson.	A. Plackett.
T. E. Dufty.	G. W. Keenleyside.	

THE BUDGET.

It seems to be very generally admitted that Mr. Austen Chamberlain's Budget is financially a sound one, moderate in its expectations, and without any undue appeal to popular favour from party motives. But it must be admitted that it reveals a state of affairs both disappointing and disquieting. The anticipated reduction in the income tax has not been made, and all those who are interested in maintaining the national finances in an efficient condition must deplore the necessity for the continuance in time of peace of the present high rate. Not only is the reserve source of income in time of stress thereby endangered, but the national spending power and saving power are weakened, and the task of strengthening and bracing our financial system after the strain of the late war is necessarily delayed.

The outlook is rendered none the less disquieting by the admission made by the Chancellor of the Exchequer that he is fully alive to the necessity for a reduction in the income tax, but that he has been unable to provide for it. The growth of the national expenditure, at a rate out of all proportion to the natural growth of the revenue, is fast becoming one of the most serious problems which we have to face. At the meetings of the Institute, the attention of our members has frequently been directed by the

President, by Mr. Tritton, and others, to the growing extravagance of our municipal and other local bodies. This all-round increase in the expenditure of the country is a grave menace to the financial position which England occupies among the nations. London's unique position depends to a great extent upon the existence of a ready supply of cheap loanable capital, and Mr. Austen Chamberlain has to face the existence of a floating debt amounting to £77,500,000, much of which is carried in an undigested state by the London Money Market.

Perhaps the most pleasing feature of the Budget is the announcement that part of the anticipated surplus is to be devoted to an attempt to reduce the floating debt. This surplus is estimated at £2,972,000, of which £1,550,000 will be swallowed by the reduction of the tea duty from July 1st next by 2d. per lb. As this 2d. was imposed for war purposes, few people will deny the justice of the reduction. £1,000,000 of the balance of the surplus is to be applied to the Debt Sinking Fund. Exchequer Bonds amounting to £14,000,000 fall due in December next, and the Chancellor of the Exchequer announces his intention of paying off £4,000,000 at once, and replacing the remainder by an issue of bonds repayable during the next ten years by annual instalments of £1,000,000, the first instalment being provided from the balance of the surplus.

The following are the Chancellor of the Exchequer's Estimates for the coming year, 1905-6:—

REVENUE.		EXPENDITURE.	
	£		£
Customs	34,050,000	National Debt ...	28,000,000
Excise	30,200,000	Other Funds ...	1,620,000
Estate Duties ...	13,000,000	Local Taxation ...	
Stamps	8,000,000	Payments... ..	1,160,000
Land Tax	750,000	Army	29,813,000
House Duty... ..	1,950,000	Navy	33,389,000
Property and Income		Civil Service ...	28,614,000
Tax	31,000,000	Customs and Inland	
Post Office	16,500,000	Revenue	3,161,000
Telegraph	4,050,000	Post Office	10,721,000
Crown Lands ...	470,000	Telegraph	4,772,000
Suez Canal, etc. ...	1,034,000	Packet Service ...	782,000
Miscellaneous ...	1,450,000		
	<u>£142,454,000</u>		<u>£142,032,000</u>

It will thus be seen that after reducing the tea duty by 2d. per lb., and applying £1,000,000 to the Debt Sinking Fund, there is an estimated surplus of £422,000.

QUESTIONS ON POINTS OF PRACTICAL INTEREST.

THE Council desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which, after careful deliberation, the Council have approved:—

Marked Cheque—Cancelled by Drawer.

QUESTION 2026.—J. Green's balance at the bank is £1,050. He enters into negotiations for purchase of property valued at £1,000. His solicitors, before completing purchase, present his draft for marking. It is so marked with the manager's initials. Soon after, and before it is presented in the usual course, a draft for £800 drawn by J. Green is presented across the counter. It is returned unpaid. The drawer then calls in and states that he withdrew from the original purchase at the last moment, and destroyed his draft. He then purchased through another firm a new property for £800, and gave his cheque. He knew nothing of his draft £1,000 having been marked. Was the bank's action justified?

ANSWER: Yes.

Bill taken up under Rebate—Rate of Interest.

QUESTION 2027.—What is the customary rate which London bankers allow when a ninety days documentary bill is taken up under rebate?

ANSWER: The usual rate is $\frac{1}{2}$ per cent. above deposit rate.

Partnership Account—Authority of Partner.

QUESTION 2028.—A, who has an account in his own name, enters into partnership with B, and an account is opened in the firm's name, to which the balance of A's account is transferred. A letter signed by both partners is handed to the bank authorising either partner to operate on the account "for all purposes" "on behalf of the said firm." A afterwards requests the bank to debit the firm's account with the outstanding cheques upon his own account, the amount of which exceeds that of the balance transferred. Is the bank justified in acting on this authority without the consent of B?

ANSWER: The bank is justified in acting upon A's authority.

BANKERS' WEEKLY CIRCULATION RETURNS.

*Pursuant to the Act 7 & 8 Victoria, c. 32.**(Extracted from the London Gazette).*

PRIVATE BANKS.

NAME OF BANK.	Author- ised Issue.	AVERAGE AMOUNT.							
		1905. Jan. 21.	1905. Jan. 28.	1905. Feb. 4.	1905. Feb. 11.	1905. Feb. 18.	1905. Feb. 25.	1905. Mar. 4.	1905. Mar. 11.
	£	£	£	£	£	£	£	£	£
Banbury Bank	43,457	4,025	3,660	3,700	3,510	3,633	3,739	3,790	3,760
Bedford Bank.....	34,218	9,848	9,887	9,836	9,881	9,878	9,800	9,969	9,980
Bloester and Oxford- shire Bank	27,090	9,759	9,636	9,297	9,354	9,454	9,347	9,430	9,330
Kington and Radnor- shire Bank	26,050	9,086	8,779	9,135	9,359	9,258	9,331	9,211	8,760
Leeds Old Bank	130,767	28,990	28,891	29,576	29,555	29,790	29,045	29,865	29,170
Llandovery Bank and Llandilo Bank	32,945	6,652	7,228	7,304	6,921	6,473	6,514	6,046	6,360
Naval Bank, Plymouth	27,321	1,967	1,965	1,845	1,963	1,944	1,902	2,012	2,150
Newmarket Bank	23,008	3,368	3,243	3,248	3,321	3,311	3,473	3,378	3,400
Oxfordshire Witney Bank	11,852	2,789	2,627	2,672	2,586	2,787	3,014	2,845	3,000
Reading Bank—Sim- onds and Co.	37,519	7,875	7,786	7,957	7,519	7,333	7,440	7,589	7,500
Sleaford and Newark Bank	51,615	6,428	6,391	6,501	6,752	6,560	6,866	7,223	7,500
Wallingford Bank	17,064	779	760	709	667	627	615	605	600
Wellington Somerset Bank	6,528	2,553	2,310	2,173	2,345	2,307	2,410	2,449	2,300
West Riding Bank	46,158	13,933	13,423	13,276	13,940	12,940	12,816	12,829	12,600
Worcester Old Bank ...	87,448	12,268	11,322	11,362	11,425	11,577	11,355	11,710	11,500
York and East Riding Bank	53,393	34,095	33,525	33,628	32,368	32,016	32,040	32,053	31,500
TOTALS	656,512	154,435	151,438	152,219	150,866	149,888	149,507	151,024	149,500

JOINT STOCK BANKS.

NAME OF BANK.	Author- ised Issue.	AVERAGE AMOUNT.							
		1905. Jan. 21.	1905. Jan. 28.	1905. Feb. 4.	1905. Feb. 11.	1905. Feb. 18.	1905. Feb. 25.	1905. Mar. 4.	1905. Mar. 11.
Bank of Whitehaven, Limited	£	£	£	£	£	£	£	£	£
32,681	8,914	9,133	8,943	9,200	10,688	9,621	9,409	9,500	
Bradford Banking Company, Limited ...	40,292	14,228	14,384	16,465	14,776	13,747	13,353	15,088	13,178
Carlisle & Cumberland Banking Co., Limited	25,610	24,318	24,896	25,116	25,320	25,970	24,894	24,951	25,542
Exeter & Huddersfield Union Bkg. Co., Ltd.	44,137	3,923	3,669	3,845	3,912	4,017	3,993	4,108	3,675
Exeter Commercial Banking Co., Limited	13,733	4,973	4,739	5,425	6,347	6,145	5,883	6,840	5,152
Exeter Joint Stock Banking Co., Limited	18,634	6,795	6,571	6,925	6,810	6,364	6,318	7,348	6,954
Lancaster Banking Company, Limited ...	64,311	36,716	35,716	36,297	36,388	36,116	35,171	36,692	36,196
Lincoln and Lindsey Banking Co., Limited	51,630	28,339	28,294	28,130	27,892	28,331	27,755	27,888	28,255
North & South Wales Bank, Limited	63,951	33,165	31,310	31,956	32,161	31,467	31,995	33,223	34,202
Nottingham & Notts. Banking Co., Limited	29,477	14,721	14,344	14,995	14,236	14,019	14,306	14,721	14,712
Sheffield & Hallamshire Bank, Limited	23,524	3,498	3,233	3,717	3,306	3,257	3,189	3,480	3,169
Sheffield & Rotherham Jnt. Stk. Bkg. Co., Ltd.	52,496	6,320	6,230	6,532	6,564	6,573	6,518	6,730	6,294
Sheffield Banking Com- pany, Limited	35,843	6,029	6,619	6,292	6,388	6,270	...	...	...
Stamford, Spalding & Boston Bkg. Co., Ltd.	55,721	24,792	24,180	24,104	23,532	24,230	23,586	23,409	23,842
Stuckey's Banking Co., Limited	356,976	83,531	82,414	83,935	82,075	80,567	80,415	83,152	83,268
Wakefield & Barnsley Union Bank, Limited	14,604	3,321	3,100	3,325	3,433	3,368	3,404	3,624	3,206
Whitehaven Joint Stk. Banking Co., Limited	31,916	21,371	21,675	21,480	21,910	21,938	22,315	22,727	23,450
Wilts and Dorset Bkg. Co., Limited	76,162	48,950	47,610	46,931	47,829	47,149	46,796	47,535	48,230
York City and County Banking Co., Limited	94,695	71,155	70,953	70,589	67,350	68,030	67,445	67,475	69,451
TOTALS	1,136,283	445,009	438,969	445,002	439,429	438,246	428,957	437,375	438,280

IRISH AND SCOTCH NOTE CIRCULATION RETURNS.

ACCOUNTS pursuant to the Acts 8 and 9 Vict., caps. 87 and 88, of the amount of BANK NOTE authorised by Law to be issued by the several Banks of Issue in IRELAND and SCOTLAND and the average amount of Bank Notes in circulation, and of Coin held during the four weeks ended Saturday, the 11th day of February, 1905.

IRISH BANKS.

Name and Title as set forth in Licence.	Circulation authorised by Certificate.	Average Circulation during four weeks ended as above.			Average amount of Coin held during four weeks ended as above.		
		£5 and upwards.	Under £5.	Total.	Gold.	Silver.	Total.
	£	£	£	£	£	£	£
The Bank of Ireland	3,738,428	1,611,775	895,025	2,506,800	588,197	88,303	676,500
The Prov. Bk. of Ireland, Ltd.	927,667	433,006	286,671	719,677	265,632	40,077	305,709
The Belfast Bkg. Co., Ltd.	281,611	300,402	222,471	522,873	315,689	42,748	358,437
The Northern Bkg. Co., Ltd.	243,440	238,505	227,136	515,641	362,342	50,223	412,565
The Ulster Bank, Ltd.	311,079	526,632	368,238	894,870	628,982	91,687	720,669
The National Bank, Ltd. ...	852,269	764,939	404,312	1,169,251	526,086	156,778	682,864
	6,354,494	3,925,259	2,403,853	6,329,112	2,686,928	470,016	3,156,944

SCOTCH BANKS.

	£	£	£	£	£	£	£
Bank of Scotland	343,418	298,152	724,521	1,022,673	701,607	125,977	827,584
Royal Bank of Scotland	216,451	270,275	658,830	929,105	822,503	118,162	940,665
British Linen Company	438,024	222,995	596,499	819,494	428,044	111,995	540,039
Comerol. Bk. of Scotland, Ltd.	374,880	241,456	654,960	896,416	602,104	91,630	693,734
National Bk. of Scotland, Ltd.	297,024	224,115	553,029	777,144	603,172	78,541	681,713
Union Bk. of Scotland, Ltd.	454,346	272,341	630,929	903,270	582,142	105,249	687,391
Town & County Bank, Ltd.	70,133	128,989	155,289	284,278	240,022	31,257	271,279
North of Scotland Bank, Ltd.	154,319	187,568	228,427	415,995	276,731	30,552	307,283
Clydesdale Bank, Ltd.	274,321	219,428	505,859	725,317	529,212	102,415	631,627
Caledonian Banking Co., Ltd.	53,434	54,762	74,018	128,780	81,165	10,851	92,016
	2,676,350	2,120,081	4,782,391	6,902,472	4,866,702	806,629	5,673,331

IRISH BANKS.

Four weeks ended Saturday, the 11th day of March, 1905.

Name and Title as set forth in Licence.	Circulation authorised by Certificate.	Average Circulation during four weeks ended as above.			Average amount of Coin held during four weeks ended as above.		
		£5 and upwards.	Under £5.	Total.	Gold.	Silver.	Total.
	£	£	£	£	£	£	£
The Bank of Ireland	3,738,428	1,618,875	869,725	2,488,600	584,161	86,164	670,325
The Prov. Bk. of Ireland, Ltd.	927,667	435,424	287,325	722,749	260,133	40,892	301,025
The Belfast Bkg. Co., Ltd.	281,611	295,825	216,578	512,403	325,913	45,853	371,766
The Northern Bkg. Co., Ltd.	243,440	290,066	225,313	515,379	364,836	45,795	410,631
The Ulster Bank, Ltd.	311,079	525,575	366,094	891,669	627,450	83,040	710,490
The National Bank, Ltd. ...	852,269	797,617	398,754	1,196,371	545,033	159,575	704,608
	6,354,494	3,963,382	2,363,789	6,327,171	2,707,526	461,319	3,168,845

SCOTCH BANKS.

	£	£	£	£	£	£	£
Bank of Scotland	343,418	286,031	723,275	1,009,306	670,413	119,601	790,014
Royal Bank of Scotland	216,451	261,980	652,518	914,498	763,993	125,050	889,043
British Linen Company	438,024	215,710	594,323	810,033	411,284	114,533	525,817
Comerol. Bk. of Scotland, Ltd.	374,880	240,648	652,323	892,971	587,806	90,552	678,358
National Bk. of Scotland, Ltd.	297,024	219,370	556,973	776,343	570,396	77,718	648,114
Union Bk. of Scotland, Ltd.	454,346	263,451	626,468	889,919	574,191	103,832	678,023
Town & County Bank, Ltd.	70,133	122,674	153,138	275,812	217,452	35,969	253,421
North of Scotland Bank, Ltd.	154,319	177,512	222,966	400,478	263,894	26,943	290,837
Clydesdale Bank, Ltd.	274,321	214,018	507,492	721,510	512,064	103,949	616,013
Caledonian Banking Co., Ltd.	53,434	52,240	76,122	128,362	77,530	10,028	87,558
	2,676,350	2,053,634	4,765,598	6,819,232	4,649,023	808,168	5,457,191

BANKS OF ISSUE.—CIRCULATION RETURNS.

ENGLISH BANKS.

	Authorised Issues.	Average circulation for weeks ending				Average weekly circulation for 4 weeks ending Feb. 11, 1905.	Average weekly circulation corresponding period of previous year.	Average weekly circulation below authorised issue.
		1905. Jan. 21.	1905. Jan. 28.	1905. Feb. 4.	1905. Feb. 11.			
	£	£	£	£	£	£	£	£
16 Private Bks.	656,512	154,435	151,438	152,219	150,856	152,237	166,324	504,275
19 Jt. Stk. Bks.	1,135,283	445,009	438,969	445,002	439,429	442,102	478,964	693,181
35 Total...	1,791,795	599,444	590,407	597,221	590,285	594,339	645,288	1,197,456

	Authorised Issues.	Average circulation for weeks ending				Average weekly circulation for 4 weeks ending Mar. 11, 1905.	Average weekly circulation corresponding period of previous year.	Average weekly circulation below authorised issue.
		1905. Feb. 18.	1905. Feb. 25.	1905. Mar. 4.	1905. Mar. 11.			
	£	£	£	£	£	£	£	£
16 Private Bks.	656,512	149,888	149,507	151,024	150,905	150,831	160,172	506,181
19 Jt. Stk. Bks.	1,135,283	438,246	426,957	437,375	438,280	435,214	471,888	700,069
35 Total...	1,791,795	588,134	576,464	588,399	589,185	585,545	632,060	1,206,250

IRISH AND SCOTCH BANKS.

	Authorised Issues.	Average circulation during 4 weeks ending Feb. 11th, 1905.			Average circulation at corresponding period of last year.	Average amount of gold and silver coin held.	Average amount of gold and silver at corresponding period of last year.	Comparison of circulation with authorised issues.
		£5 and upwards.	Under £5.	Total.				
	£	£	£	£	£	£	£	£
6 Irish Banks	6,354,494	3,925,259	2,403,853	6,329,112	6,786,319	3,156,944	3,491,745	— 25,382
10 Scotch Bks.	2,676,350	2,120,081	4,782,391	6,902,472	7,040,936	5,673,331	5,814,160	+4,226,122
16 Total...	9,030,844	6,045,340	7,186,244	13,231,584	13,827,255	8,830,275	9,305,895	+4,200,740

	Authorised Issues.	Average circulation during 4 weeks ending Mar. 11th, 1905.			Average circulation at corresponding period of last year.	Average amount of gold and silver coin held.	Average amount of gold and silver at corresponding period of last year.	Comparison of circulation with authorised issues.
		£5 and upwards.	Under £5.	Total.				
	£	£	£	£	£	£	£	£
6 Irish Banks	6,354,494	3,963,382	2,363,789	6,327,171	6,609,690	3,168,845	3,443,872	— 27,823
10 Scotch Bks.	2,676,350	2,053,634	4,765,598	6,819,232	6,909,392	5,457,191	5,600,260	+4,142,882
16 Total	9,030,844	6,017,016	7,129,387	13,146,403	13,519,082	8,626,036	9,044,132	+4,115,559

RATES OF INTEREST ON FIXED DEPOSITS.

THE subjoined table exhibits the rates of interest on deposits in London for fixed periods, allowed by the following Indian and Colonial Banks :—

Bank.	One Year.	Two Years.	Three Years.	
African Banking Corp., Ltd...	4	4½	4½	
Bank of Adelaide	3	3	3	3 % for 4 and 5 years.
Bank of Africa, Limited	4	4	*	
Bank of Australasia	3	3½	3½	4 % for 4 or 5 years.
Bank of British North America	3	3	3	
Bank of Mauritius	4	*	*	
Bank of New South Wales ...	3	3½	*	£200 and upwards.
Bank of Victoria, Limited ...	3½	4	4	
Chartered Bank of India, Australia, and China	4	*	*	2 % for 3 months and 3 % for 6 months.
Commercial Bank of Australia, Limited	3½	4	4	
Commercial Bank of Sydney ...	3½	4	*	
Delhi and London Bank, Ltd...	4	4	4	2 % for 3 months and 3 % for 6 months.
Hong Kong and Shanghai Bank	3½	*	*	
London Bank of Australia ...	3½	4	*	
Mercantile Bank of India ...	4	4	4	3½ % for 6 months.
Natal Bank, Limited	4	4	4	
National Bank of Australasia...	3½	4	4	
National Bank of India, Ltd ...	3½	*	*	3 % for 6 months.
National Bank of New Zealand, Limited	3½	4	4	
Queensland National Bank, Ltd.	3	3	3½	3½ % for 4 or 5 years.
Royal Bank of Queensland, Ltd.	3½	4	4	4 % for 4 or 5 years.
Standard Bank of South Africa, Limited	3½	*	*	3 % for 6 months.
Union Bank of Australia, Ltd.	3½	4	4	4 % for 4 or 5 years.

* Deposits not received for these periods.

London, 30th April, 1905.

JOURNAL

OF THE

Institute of Bankers.

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JUNE, 1905.

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JUNE, 1905.

REPORT of the COUNCIL for the FINANCIAL YEAR ended 31st December, 1904, and for the Session 1904-1905 to the 30th April last, presented at the TWENTY-FIFTH ANNUAL GENERAL MEETING of the INSTITUTE OF BANKERS, in the Library of the Institute, 34, Clement's Lane, E.C., on the 3rd May, 1905.

The Council have much pleasure in submitting this, their Twenty-Fifth Annual Report, and in again congratulating the Members on the flourishing state of the Institute.

At the close of the financial year the Register of Members contained the names of :—

46 Life Fellows,
372 Fellows,
38 Life Associates,
1,056 Associates,
3,832 Ordinary Members.

5,344

The Council are glad to be able to point out that the increase in the total number of Members is not, as has generally been the case in recent years, confined to Associates and Ordinary Members, but is also substantial in the ranks of Fellows, of which latter class there are 427 on our roll, as against 394 in 1903.

The progress of the Institute for the last 20 years may be seen in the following table :—

—	1885.	1886.	1887.	1888.	1889.	1890.	1891.	1892.	1893.	1894.
Fellows	391	405	414	430	428	438	459	441	437	427
Associates ...	563	571	590	611	606	602	635	659	642	642
Members ...	779	814	886	980	1,057	1,194	1,315	1,424	1,591	1,719
Total ...	1,733	1,790	1,890	2,021	2,091	2,234	2,389	2,524	2,670	2,788

—	1895.	1896.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	1904.
Fellows	417	409	400	407	400	400	388	392	394	418
Associates	646	633	626	620	819	842	896	954	1,007	1,094
Members.....	1,869	1,922	2,099	2,322	2,451	2,646	2,909	3,274	3,560	3,832
Total ...	2,932	2,964	3,125	3,349	3,670	3,888	4,193	4,620	4,961	5,344

The subjoined table* shows that during the past year there has been an increase both in the income from subscriptions and the total income. Further purchases of Metropolitan $3\frac{1}{2}$ per cent. Stock and India 3 per cent. Stock have brought the investments of the Institute up to £8,997, and the assets now amount to £9,715.

—	1885.	1886.	1887.	1888.	1889.	1890.	1891.	1892.	1893.	1894.
Income from Subscriptions	£ 1,761	£ 1,818	£ 1,881	£ 1,958	£ 2,000	£ 2,085	£ 2,175	£ 2,266	£ 2,328	£ 2,370
Total Income (excluding compositions)	2,084	2,129	2,203	2,280	2,429	2,497	2,621	2,776	2,821	2,903
Investments	793	1,304	1,980	2,152	2,671	3,187	3,601	4,139	4,559	4,820
Total assets	1,994	2,181	2,639	3,068	3,539	4,031	4,356	4,968	5,492	5,843

—	1895.	1896.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	1904.
Income from Subscriptions	£ 2,428	£ 2,434	£ 2,486	£ 2,613	£ 2,749	£ 2,837	£ 2,967	£ 3,187	£ 3,347	£ 3,564
Total Income (excluding compositions)	3,011	2,978	3,173	3,202	3,969	3,694	4,407	4,180	4,328	4,687
Investments	5,091	5,319	5,771	6,037	6,496	6,720	7,051	7,838	8,268	8,997
Total assets	6,020	6,219	6,504	6,844	6,660	6,951	7,751	8,257	8,637	9,715

* Omitting shillings and pence.

THE SESSION 1904-1905.

The Session which is now closing, though not productive of Papers of such general interest as the one immediately preceding it, has nevertheless dealt with subjects of an eminently practical nature, which may be of great use to bankers in the near future, and the Council are gratified to observe that the good attendances at the meetings continue to be well maintained.

Appended is the usual table of papers read before the Institute since the issue of the last Report :—

DATE.	TITLE OF PAPER.	READ BY	DISCUSSED BY
Nov. 2.	The Inaugural Address.	THE PRESIDENT, J. SPENCER PHILLIPS, Esq.	Mr. Schuster. Mr. W. A. Steel (vote of thanks).
1905. Feb. 1.	The Practice of the Land Registry as affecting Banking.	Mr. C. F. BRICK-DALE.	Mr. D. G. H. Pollock, Mr. F. E. Steele, and Mr. F. Straker.
Mar. 1.	The Working of the Elastic Clause of the German Bank Act.	Mr. HERMANN SCHMIDT.	Mr. Felix Schuster, Mr. D. M. Mason, and Mr. F. E. Steele.

THE EXAMINATIONS, 1904.

The figures relating to our Examinations continue to show a remarkable increase, as will be seen by the following table :—

Year.	Candidates.	Centres.	Year.	Candidates.	Centres.
1883	35	9	1894	362	35
1884	40	10	1895	442	39
1885	53	10	1896	441	36
1886	60	14	1897	516	52
1887	131	19	1898	644	64
1888	125	19	1899	801	82
1889	158	21	1900	951	102
1890	168	22	1901	1,231	118
1891	210	26	1902	1,506	216
1892	256	23	1903	1,764	230
1893	334	31	1904	1,916	259

To the Institutes at Liverpool and Manchester, and to those Fellows and other bank officials who have so kindly assisted in carrying out the details connected with our Examinations, the Council have again to tender their thanks.

Of the 1,916 candidates entered in 1904, 227 gained the Certificate of the Institute, 386 passed the Preliminary Examination, 28 were successful in the Final French Examination, and 3 in Final German. Most of the remaining candidates passed in one or more of the necessary subjects.

The Beckett Memorial Prize was divided between Thomas Pendlebury, of the London City and Midland Bank, Threadneedle Street, and Ernest London Penn, of the London and South Western Bank, Fenchurch Street; the George Rae Prize to Ellis John Sawtell, of the Wilts and Dorset Bank, Salisbury; and the Gwyther Prize for French to William Duchatel Woellwarth, of the Chartered Bank of India, Australia and China, Hatton Court.

LECTURES.

The subject for the winter course of Lectures was "The Relations of Bankers and Local Authorities," Mr. E. J. Naldrett, Barrister-at-Law, being the lecturer.

Liverpool was the centre chosen, the arrangements there being kindly carried out by the Liverpool Institute. In addition to the success of the Lectures themselves, it is believed that their publication in our *Journal* will be of permanent use to bankers.

A course of lectures on British Banking in relation principally to Foreign Trade was also delivered by Mr. Augustus Kahn, at York, in February and March.

The success which now for some years past has attended the holding of Lectures in the provinces has convinced the Council that an extension of the system is now highly desirable. They hope, therefore, in the near future, to arrange for additional courses, and so largely to increase the number of towns visited.

THE INSTITUTE'S PUBLICATIONS.

During 1904 the sales of the Institute's *Journal* amounted to £113 8s. 8d., while £91 14s. 1d. was received on account of "Questions on Banking Practice." The amount received for the sale of "Legal Decisions Affecting Bankers" was £13 3s. 5d.

PRIZE ESSAY, 1903-1904.

The subject of the Prize Essay was—

“An investigation into the relative influence of this country's free gold market, and her fiscal (Free Trade) policy in bringing about her financial predominance; and the effects to be anticipated should preferential trading with her Colonies and dependencies be adopted.”

In the result a first Prize of £20 was awarded to Mr. John William Hartley, of the Manchester and Liverpool District Bank, Burslem, and a second Prize of £10 to Mr. Charles Cooper, of the Manchester and County Bank, Southport.

The following is the subject of the Prize Essay, 1904-1905, for which a first Prize of £20 and a second Prize of £10 were offered, viz. :—

“A description of the constitution and methods of the State Banks of Europe, and of the National Banks of the United States of America; their relations with their respective Governments and with other Banks.”

THE COUNCIL.

Considerable changes have again taken place in the Council since the issue of the last Report. As has already been noticed in our January *Journal*, Mr. Tritton has felt compelled, on grounds of health, to retire from further active participation in the work of the Institute, though we are glad to know that his name is still retained among us as a Vice-President. We have also lost by resignation Mr. Henry Dean, of the London and County Bank, and Mr. Henry Smith, of the London and Westminster Bank, both of whom have retired from banking. Mr. Alfred Buxton, of the Union of London and Smiths Bank, has also retired, finding himself unable to attend our meetings with the regularity he would wish. These vacancies have been filled by the election of Mr. G. J. Rodolph, of the London and County Bank, Mr. T. J. Russell, of the London and Westminster Bank, and Mr. Robert Woodhams, of the London and South Western Bank. Mr. Woodhams has, however, retired from the joint general managership of the London and South Western Bank, and has consequently resigned from the Council of the Institute.

More recently the Council have to regret a very serious loss through the death of Mr. Alfred Spalding Harvey, of Messrs. Glyn, Mills, Currie & Co., who has rendered most valuable services to the Council and the Institute generally during the last twenty-two years. The vacancy in the Council has been filled by

the election of Mr. A. F. Walrond, of Messrs. Glyn, Mills, Currie and Co.

Yet another vacancy on the Council will be caused by the proposed election of Mr. Martin Ridley Smith, one of our oldest Members, as a Vice-President, and this vacancy it is proposed to fill by the election of Mr. Thomas B. Moxon, of the Lancashire and Yorkshire Bank, who has for many years taken an active interest in the work of the Institute. The following, therefore, are the Members of Council who are now proposed for re-election or confirmation under Clauses 8 and 9 of the Constitution, viz.:—Mr. Thos. Aitken, of the Bank of Scotland; Mr. C. Gow, of the London Joint Stock Bank; Mr. L. Hansard, of Martin's Bank; Mr. G. A. Harvey, of the Capital and Counties Bank; Mr. T. B. Moxon, of the Lancashire and Yorkshire Bank; Mr. G. J. Rodolph, of the London and County Bank; Mr. T. J. Russell, of the London and Westminster Bank; Mr. J. L. Whelen, of the National Bank; and Mr. A. F. Walrond, of Glyn's.

RESIGNATION OF THE SECRETARY.

It is with great regret the Council has to announce that Mr. W. Talbot Agar has, owing to ill-health, tendered his resignation of the Secretaryship of the Institute. This resignation the Council have felt themselves compelled to accept with reluctance, and it takes effect on the 3rd of May.

Mr. Agar has served the Institute of Bankers with distinction to himself, and has by his exertions materially assisted in adding both to the usefulness and importance of the Institute in many ways. He entered upon the office of Secretary on the 28th of November, 1881. During his tenure of office, the numbers of the subscribing Members have largely increased, the figures being given as under:—

	1881.	1905.
Fellows	350	429
Associates	473	1,279 (including certi-
Ordinary Members	981	3,552 cated Associates.)
	<u>1,804</u>	<u>5,260</u>

During the period from 1881, there has, under the guidance of Mr. Agar, been a marked increase in the number of candidates offering themselves for the Examinations and Certificates of the Institute. In 1881 there were 22 Candidates for Examination, whilst in 1905 the number of Candidates has increased to 2,210.

Mr. Agar has also taken an active part in assisting the Council in the furtherance and passing of the following measures:—

Bills of Exchange Act, 1882.

Bankruptcy Act, 1883.

Factor's Act, 1889.

Withdrawal of Light Coinage, 1889-91.

In making this announcement of the withdrawal of Mr. Agar from the service of the Institute, the Council desire to place on record their high appreciation of his devotion to the best interests of the Institute. The Council feel sure that the Institute at large will join with them in wishing Mr. Agar the enjoyment of yet many years of retirement, and that the Members will also concur in the Council's expression of regret at the severance of Mr. Agar's connection with the Institute.

The Treasurer's account for the year ending 31st December, 1904, is appended, together with a balance-sheet of assets and liabilities.

**RICHARD BIDDULPH MARTIN, Esq., M.P., Treasurer, in Account with THE INSTITUTE OF BANKERS,
for the Year ended 31st December, 1904.**

61.

	£	s.	d.	£	s.	d.
To Balance as per last Statement	368	8	1			
" Life Subscriptions—						
8 Fellows at £21 0 0	£168	0	0			
5 Certificated Associates at 5 5 0	26	5	0			
" Annual Subscriptions—						
372 Fellows at £2 2 0	£781	4	0			
452 Associates at 1 1 0	474	12	0			
1 " " 0 10 6	0	10	6			
603 Certificated Associates at 0 10 6	316	11	6			
3,755 Members at 0 10 6	1,971	7	6			
77 " 0 5 3	20	4	3			
" Sale of <i>Journal</i>	3,564	9	9			
" " <i>Questions on Banking Practice</i>	113	8	8			
" " <i>Legal Decisions Affecting Bankers</i>	91	14	1			
" Income from Investments (including Interest on Deposits, and £8 3s. 4d. Income from Beckett Memorial Fund, and £9 17s. 2d. Income from Gwyther Prize Fund, and £11 7s. 6d. Income from George Rae Prize Fund)	13	3	5			
" Advertisements in <i>Journal</i>	264	1	0			
" Examination Fees	110	0	0			
" Arrears of Subscriptions recovered	471	5	0			
" Central Association of Bankers' Contribution towards Rent of Offices	38	5	6			
" J. Howard Gwyther for Prize Fund for Political Economy	20	0	0			
" Subscriptions paid in advance	315	17	8			
	92	8	0			
	<u>£5,657</u>	<u>6</u>	<u>2</u>			
By Expenses, namely—						
Advertising	13	6	0			
Bank Charges	0	6	10			
Corporation Duty	12	17	0			
Examination & Lecture Expenses	665	19	11			
Housekeeper	17	4	0			
Insurance	3	7	6			
Lighting of Offices	4	12	10			
Literary work for <i>Journal</i>	18	18	6			
Postages (including distribution of the <i>Journal</i>)	350	3	4			
Printing of <i>Journal</i> , <i>Questions</i> on <i>Banking Practice</i> , and <i>Legal Decisions affecting Bankers</i> , and Stationery	1,230	13	11			
Prizes for Essays, Lectures, and Examinations	86	11	4			
Rent of Offices	400	0	0			
London Institution	50	0	0			
Reporting	16	3	0			
Salaries	1,144	5	6			
Petty Cash	8	18	4			
	<u>4,023</u>	<u>8</u>	<u>0</u>			
" Cost of Books for Library	78	1	10			
" Cost of Furniture and Office Fittings	16	6	6			
" Purchase of £400 Metropolitan 3½ per Cent. Stock	412	11	0			
" Purchase of £393 6s. 8d. India 3 per cent. Stock	315	17	8			
" Balance of Cash at Bankers	£808	12	0			
" Petty Cash in Secretary's hands ..	2	9	2			
	<u>811</u>	<u>1</u>	<u>2</u>			
	<u>£5,657</u>	<u>6</u>	<u>2</u>			

June,

Audited and found correct,
CHAS. WICK,
C. F. HIGGINSON.

24th March, 1905.

Balance Sheet of Assets and Liabilities, 31st December, 1904.

LIABILITIES.

	£	s.	d.
Annual Subscriptions paid in advance	92	8	0
Balance in favour of the Institute	9,715	17	0

ASSETS.

	£	s.	d.	£	s.	d.
Cash at Bankers, Current Account...	808	12	0			
Do. in Secretary's hands	2	9	2			
				811	1	2

Investments, taken at cost, as per last Statement, viz. :—

£3,700 Metropolitan 3½ per Cent. Consolidated Stock.			
£3,000 Local Loans 3 per Cent. Stock.			
£343 6s. Consols (Beckett Memorial Prize Fund).			
£345 India 3 per Cent. Stock (Gwyther Prize Fund).			
£341 7s. 10d. Cape 3½ per Cent. Stock (George Rae Prize Fund)	8,268	15	2
Purchase of £400 Metropolitan 3½ per Cent. Stock	412	11	0
Purchase of £333 6s. 8d. India 3 per cent. Stock (Gwyther Prize Fund)	315	17	8

8,997 £ 10

£9,808 5 0

£9,808 5 0

Audited and found correct,

CHAS. WICK.

C. F. HIGGINSON.

9th March, 1905.

The following is a list of the Fellows proposed as officers and Council of the Institute for the Session 1905-6, submitted in accordance with the eighth clause of the constitution for the consideration of the meeting and approved. Those marked * were either new members or retiring members offering themselves for re-election.

President :

*J. SPENCER PHILLIPS, Esq.

Vice-Presidents :

THE GOVERNOR OF THE BANK OF ENGLAND (*ex officio*).
THE DEPUTY-GOVERNOR OF THE BANK OF ENGLAND (*ex officio*).

*RT. HON. LORD AVEBURY.

*H. F. BILLINGHURST, Esq.

*ROBERT CAMPBELL, Esq.

*JOHN DUN, Esq.

*E. B. FABER, Esq., M.P.

*W. FOWLER, Esq.

*J. HOWARD GWYTHER, Esq.

*RT. HON. LORD HILLINGDON.

*W. HOWARD, Esq.

*W. MCKEWAN, Esq.

*RICHARD B. MARTIN, Esq., M.P.

*R. H. INGLIS PALGRAVE, Esq.,
F.R.S.

*T. G. ROBINSON, Esq.

*FELIX SCHUSTER, Esq.

*ROBERT SLATER, Esq.

*MARTIN RIDLEY SMITH, Esq.

*J. HERBERT TRITTON, Esq.

Trustees :

RT. HON. LORD AVEBURY.

RICHARD B. MARTIN, Esq., M.P.

J. HERBERT TRITTON, Esq.

Treasurer :

* RICHARD B. MARTIN, Esq., M.P.

Council :

*THOS. AITKEN	Bank of Scotland.
J. W. CROSS	London & Provincial Bank, Limited.
E. ALEXANDER DUFF	Lloyds Bank, Limited.
*CHAS. GOW	London Joint Stock Bank, Limited.
R. T. HAINEs	National Provincial Bank of England, Ltd.
*LUKE HANSARD	Martin's Bank, Limited.
*G. A. HARVEY	Capital & Counties Bank, Limited.
ALFRED HOARE	Messrs. Hoare.
ALEXANDER LANG	Bank of Montreal.
GEO. MARJORIBANKS	Messrs. Coutts & Co.
*T. B. MOXON... ..	Lancashire and Yorkshire Bank, Limited.
JOHN GORDON NAIRNE	Bank of England.
ROBERT H. NUNN	Union of London & Smiths Bank, Ltd.
D. G. H. POLLOCK	London City & Midland Bank, Limited.
G. H. POWNALL	Williams Deacon's Bank, Limited.
F. G. HILTON PRICE	Messrs. Child & Co.
*G. J. RODOLPH	London & County Bank, Limited.
*T. J. RUSSELL	London & Westminster Bank, Limited.
WILLIAM SMART	Standard Bank of South Africa, Ltd.
H. L. M. TRITTON	Barclay & Company, Limited.
*A. F. WALBROND	Messrs. Glyn, Mills, Currie & Co.
B. W. WHALLEY	Parr's Bank, Limited.
*J. L. WHELEN	National Bank, Limited.

REPORT OF PROCEEDINGS.

Mr. Spencer Phillips, the President, who was in the Chair, in opening the proceedings moved the adoption of the Report, which was taken as read. After calling attention to the satisfactory nature of the Report, as shown by the increase in the number of members and in the number of the Candidates for the Examinations, as well as by the strong financial position of the Institute, the President referred to the loss which the Institute had sustained by the retirement of Mr. J. Herbert Tritton from the Chairmanship of the Council, owing to his recent illness. Reference was made to another severe loss by the death of Mr. A. S. Harvey, who, for many years, had taken such an active share in the management of the Institute's affairs. The President expressed the great regret which the Council felt at the resignation of the Secretary, Mr. W. Talbot Agar, through illness, and their hope that, with increased leisure, he would be restored to a better state of health. He also announced that Mr. Ernest Sykes, the Assistant Secretary, had been appointed to succeed Mr. Agar.

The motion having been seconded by Mr. Billingham, was carried unanimously.

A ballot was then taken for the President, Vice-Presidents, Treasurer, and Council for the coming year, and Mr. W. H. Brice was appointed scrutineer. The list proposed by the Council was declared unanimously elected.

The President then announced that the Council had decided to award the prizes in the Essay Competition as follows:—The First Prize to the essay bearing the motto "*Inter spem et metum*"; the Second Prize to that with the motto "*Valeat quantum valere potest.*" Upon opening the envelopes, it was found that the winner of the First Prize was Mr. Thomas Pendlebury, of the London City and Midland Bank, Threadneedle Street, and the winner of the Second Prize Mr. James William Whipp, of the Bank of Liverpool, Liverpool.

The President proposed, and Mr. Brice seconded, a vote of thanks to the Honorary Auditors, Mr. Charles Wick and Mr. C. F. Higginson, for their services during the past year. This was carried, and they were unanimously re-elected.

Mr. W. A. Steel then proposed a vote of thanks to the President, Vice-Presidents, Council, and Staff of the Institute for their services during the year. He referred to the two aspects of the work performed by the Institute: first, the advancement of the common interests of bankers, and the expression of their collective opinion; and, secondly, the literary and educational side of their work, and he concluded with a reference to the loss sustained through

Mr. Agar's retirement. Mr. D. M. Mason seconded the motion in a speech in which he dealt upon the severe international competition, and the need for study and research. Upon being put to the meeting, the motion was unanimously carried.

Mr. George Marjoribanks, in replying on behalf of the President, Vice-Presidents, and Council, assured the members that the steady progress of the Institute was a source of satisfaction to the Council, and that they always had before their eyes what their past experience had taught them in the way of assisting the banking community generally, and helping individual members to acquire a scientific knowledge of their profession.

Mr. Marjoribanks then proposed a vote of thanks to the President for taking the Chair, which was seconded by Mr. Billingham, and carried unanimously.

The President briefly replied, and asked the meeting to pass a vote of thanks to Mr. Agar for his services during the past twenty-three years. This was duly seconded, and carried by acclamation. Mr. Agar, in thanking the meeting for their vote, expressed the great regret he felt at leaving the Institute and giving up his life's professional work, and tendered his best wishes for the future prosperity of the Institute.

SUBJECT AND CONDITIONS FOR PRIZE ESSAY.

SESSION 1905-1906.

THE following is the title of the Essay for which a First Prize of £20 and a Second Prize of £10 will be awarded at the May meeting of the Institute, 1906. The Essays must be lodged with the Secretary on or before January 1st, 1906 :—

“ The Organization of a large Bank ; including a description of the duties appertaining to the Directors, Managers, Secretary, Inspectors, and other Officials.”

The following are the conditions :—

Each Essay to bear a motto, and be accompanied by a sealed letter, marked with the like motto, and containing the name and address of the author ; such letter not to be opened, except in the case of the successful Essay.

No Essay may exceed in length 30 pages (8vo.) of this publication, and distinct reference should be made to such authorities as may be quoted or referred to.

The Council shall, if they see fit, cause the successful Essays, or abridgments thereof, to be read at a meeting of the Institute of Bankers, and shall have the right of publishing the Essays in their *Journal* one month before their appearance in any separate independent form ; this right of publication to continue until six months after the award of Prizes.

Competition for the above Prizes will be open to Fellows, Associates and Members of the Institute of Bankers.

The Council shall not award the Prizes, except to the authors of Essays, in their opinion, of a sufficient standard of merit.

The Essays must be legibly written, and on one side of the paper only ; or they may be type-written, in which latter case an allowance will afterwards be made to the competitor.

If further explanation is required, it may be obtained from the Secretary, at the Offices of the Institute, 34, Clement's Lane, E.C.

June, 1905.

GILBART LECTURES, 1905.

By SIR JOHN R. PAGET, BART., K.C.

(Fourth Lecture. Delivered February 13th and 16th, 1905).

I WAS dealing last week with the question of the London banker's lien, for his correspondent's debt, over cheques forwarded for collection by that correspondent, mainly in view of the possibility of some of such cheques being the property of that correspondent's customers.

If we have established the banker's lien as against his correspondent, it, of course, covers bills as well as cheques. In fact, as I pointed out before, the case of bills is the stronger; because, in the case of bills, there is less ground for the suggestion that they presumably belong to the original customer; and because, with regard to bills, the authority of "*Johnson v. Robarts*" and "*ex parte Armistead*," is almost directly in point. But, with regard to bills, and to cheques, so far as lien or independent title is concerned, forged endorsement would be fatal to the claim, so far as I can see. Both independent title and lien rest, as against the true owner, purely on the negotiable character of the instrument, on its being a bill or cheque; forged endorsement precludes your independent title and defeats your lien; first, because, under Sec. 24, you have no right to retain the bill or cheque, and, apart from that, because it renders the instrument in your hands a mere chattel, such as you cannot retain against the true owner by claiming a lien against someone else. It is curious that Biggam, J., who treated the *Economic Bank* case throughout as one of forged endorsement, does not notice this point, or put it forward as one of the reasons why *Williams Deacon & Co.* could have had no lien on these cheques. The same, so far as independent title or lien was concerned, would, in the case of cheques, be the effect of the not negotiable crossing. Where a cheque bears that crossing you can obtain no better title to the cheque or its proceeds than the person from whom you took it. With regard to cheques, however, there is another possible aspect of the matter which I would suggest to you. All cheques coming to you in this way would infallibly be crossed by the transmitting banker, if not otherwise. Could the clearing banker invoke the protection of Sec. 82? Lien is not inconsistent with receiving for a customer; "*Clarke v. The London and County Bank*" has never been overruled; indeed, it derives considerable support from some of the

judgments in the case of "The Great Western Railway v. The London and County Bank." It seems a broad effect to give to Sec. 82 that a banker can receive the amount of a crossed cheque, to which his customer had no title, and apply the whole of the proceeds to a debt due to him from that customer, in defiance of the true owner; but I cannot, at any rate at this moment, point out any fallacy in the contention. If you receive only for the customer, though you actually and at once appropriate part of the proceeds to his debt to you, I do not see where the difference comes in when you so appropriate the whole of the proceeds. And, on this basis, neither forged endorsement nor not negotiable crossing would affect your position. You would have received the money for the customer, the country bank; and, though you yourself had got the benefit of it, the protection against liability to the true owner, extending, as it does, to the proceeds as well as the cheque, would enable you to keep it. Only, like the lien itself, Sec. 82 requires the relation of banker and customer; you must receive it for a customer. It comes back to that. Is the bank for whom you collect your customer? It is a great pity, both in relation to this point and also to the perhaps more important one of the protection of the clearing bank, apart from any question of money due to it from its correspondent, that there should be room for any doubt on the subject; and if the Bills of Exchange Act ever does come to be amended, it might be well worth while to put in a clause setting the matter at rest. We must, however, bear in mind that if Mr. Justice Bigham's view that the clearing bank has no lien, by reason of the notice conveyed to it that the cheques may be subject to ulterior rights of customers of the correspondent bank, be correct, this would be equally fatal to any contention that the clearing bank was justified under Sec. 82 in appropriating the proceeds to that correspondent's debt. Negligence is destructive of the operation of Sec. 82; and any notice which precluded the lien would, *a fortiori*, constitute negligence on the part of the banker disregarding it. So that this position, like the lien, depends, not only on the question of customer, but also on whether you consider I have sufficiently displaced the views of the learned judge as to what does or does not constitute notice or bad faith. I am certainly not going through the argument again.

Assuming your lien exists against your correspondent, you are clearly entitled to all ordinary bankers' rights. You are entitled to combine all accounts which show an actual debt due and payable from him, and exercise your lien for the ultimate balance. You could not, of course, bring in a loan account, payable at a fixed date not yet arrived, any more than you can exercise your lien in respect of current bills which you have discounted for a customer.

Mr. Justice Bigham's holding that Williams Deacon and Co. could never have supported a claim of lien over these cheques rendered it unnecessary for him to deal with the question whether, by subjecting them to such lien, the Economic Bank had put themselves outside Sec. 82, had dealt with the cheques in a manner inconsistent with the rights of the true owners, and not involved in the ordinary process of collection. If we are right in concluding that the receiving bank, the clearing bank, has a lien over such cheques, I suppose we ought to consider this question from the standpoint of the transmitting bank. If that bank is really only collecting, if the cheques are in its hands simply as agent, I am by no means satisfied that it retains the protection if, knowing itself to be indebted to the London or clearing bank, either on loan or current account, it subjects the cheques to that bank's lien. It is, in effect, pledging the customer's cheques for its own debt. It is, moreover, difficult to see how a bank, so acting, can be receiving payment for a customer when, in the ordinary course of events, the money would not reach the bank itself, much less its customer, except through the medium of a fresh advance by the London or clearing bank. The mere fact that there is a loan account would not be sufficient. A loan account must be always in debit, in a sense; but, as I said before, it is only a loan account on which there is something actually due and payable which can be brought in for purposes of lien. The mere possibility of a debt, which seems all that was suggested in the Economic Bank case, could not affect the question. But when there is an actual subsisting debt, either on current or loan account, the customer's cheques ought not to be subjected to the risk of the lien, apart from any question of the transmitting bank's own protection. That seems to be deducible from the cases I quoted to you, where such a proceeding is treated as irregular. The proper course in such case would probably be to notify the London agent that particular cheques were transmitted only for collection on behalf of customers of the transmitting bank; and this definite statement of the purpose of transmission would preclude any bank receiving them on those terms from asserting any lien over them or their proceeds.

Now this concludes my comments on this Economic Bank case; or, rather, on the numerous and important points it suggests. I do not think it is worth our while to discuss the question whether we agree or not with the ultimate decision of the case. To do so would involve recapitulation of most of what I have been saying; and our business here is to learn something from cases, not to sit as an amateur Court of Appeal.

Let me now draw your attention to a matter which may usefully serve to fill up the remainder of our time. I have sometimes had to confess that, from a business point of view, American and

Colonial decisions seemed somewhat in advance of our own. A curious instance has recently been brought to my notice. You may remember that we once went into the question of a customer being estopped from denying his signature to a bill or a cheque which his banker had paid, if the customer, having knowledge that his signature had been forged, forebore to communicate that knowledge to the banker, whereby the banker suffered prejudice, either by paying the bill or by being deprived of the opportunity of protecting himself or of taking proceedings, civil or criminal, against the person whose fraud caused the loss. I think the occasion of our doing so was when we were dealing with the pass-book. And you may recollect that I based the liability of the customer on the duty existing on his part not, by act or omission, to subject the banker to unnecessary risk, such duty being part of the relation of banker and customer. I quoted to you two English cases, "*M'Kenzie v. The British Linen Co.*," and "*Ogilvie v. The West Australian Corporation*," together with some American ones. None of them, as I then read them, carried the matter further than banker and customer, and the duty owed by the latter to the former. But now, by the courtesy of the Canadian Bankers' Association, a case has been brought to my notice, which, if it can be supported, as seems not improbable, puts the matter on a new and much extended footing. "*Ewing v. The Dominion Bank*" was a case decided in the Supreme Court of Canada in June, 1904. On August 15th, 1900, the Dominion Bank at Toronto discounted for one Wallace, for the Thomas Phosphate Company, of which he was the manager, a promissory note payable to that company, for \$2,000, due December 17th, 1900, purporting to be made by Messrs. Ewing, who carry on business at Montreal. These gentlemen, Ewing & Co., were not customers of the bank, and had never had any dealings with it. Note that. On the same day, August 15th, the bank wrote to Ewing & Co.: "You will please take notice that your note for \$2,000 to the Thomas Phosphate Co. falls due at this bank on the 17th December, 1900, and you are requested to provide for the same." Ewing & Co. got that letter the next day, August 16th. They made no response to the bank, but communicated with Wallace, who, on or about the 20th of August, practically admitted having forged their name. They continued communicating with him until December 6th, he making the usual excuses, and promising to take up the note. When the note was just becoming due, and the bank asked for payment, Ewing & Co., for the first time, denied their signature, and said it was a forgery, as it was. The proceeds of the note, which had been placed to the credit of the payee company, had been practically all drawn out by August 17th. And the Supreme Court of Canada held that, on these facts, the bank were entitled to recover from Ewing & Co. the

full amount of the promissory note. They do not go into the question of loss of remedy against either the forger or his company, so we need not. The grounds they decided on were these: that Ewing & Co. must have known from the communication they received from the bank on August 16th that someone had forged their name; that if they had then telegraphed or telephoned to the bank, assuming there was not time to communicate by letter, some at least of the money which the bank paid out on the credit of the promissory note would have been saved.

Now, if this had been a case of banker and customer, if Ewing and Co. had been customers of the Dominion Bank, and it had been a case, say, of a bill purporting to have been accepted by them payable at the bank, or a cheque purporting to be drawn by them on the bank, the matter would have fallen within our recognised rules, and they would have been estopped or held to have adopted the signature by virtue of their disregard of the duty they owed their banker to reasonably safeguard his interests. The new departure is the extension of the doctrine of the liability to a person who was in no previous business relation whatever with the bank, was not in any sense its customer. And the importance of the decision is, to a certain extent, enhanced by its having received some sort of confirmation or approbation from the Judicial Committee of the Privy Council in this country. Ewing & Co., having chosen to go to the Supreme Court of Canada, could not, under the rules, appeal again to the Privy Council without special leave. This they applied for, and the Privy Council refused to grant it.

After recapitulating the facts of the case, the judgment proceeds: "Whether the circumstances were such as would raise 'either an estoppel against the petitioners or would amount to 'what Lord Blackburn, in 'M'Kenzie v. British Linen Company,' calls a 'ratification for a time' by the supposed makers of the 'note of their signature, is, in the opinion of their Lordships, 'absolutely a question of fact. They cannot see that any important question of law is really at stake. At any rate, their 'Lordships cannot see that there was no evidence upon which the 'Court might fairly find as they did, and that being so, their 'Lordships are not prepared to advise His Majesty to exercise 'his prerogative by giving special leave to appeal to the petitioners.'" Of course, one must not deduce too much from the mere refusal of such an application; but if the Privy Council say, as they do, that no important question of law was involved, they certainly lend some colour to the contention that they agree with the law as laid down in the Courts below. It is curious that in the Supreme Court of Canada the question was stated to be one of great importance, and altogether of law, and that the decision was arrived at by a bare majority of three judges to two. So,

with all respect for the Judicial Committee, I think there was a question of law involved, and that an important one. For the main argument against the bank in the case in Canada was that there was no legal duty on Ewing & Co. to communicate their knowledge of the forgery to the bank, not being customers or in any other business relation to the bank, and it is this question which is the groundwork of the judgment in Canada, and on which apparently the judges differed. A moral duty, no doubt, there was, just as there is a moral duty to warn a blind man if you see a motor car about to run over him; but the law attaches no consequence to the neglect of a moral duty. Where, then, did the Canadian Court get its legal duty? Well, they relied much on the old and often approved rule laid down years ago in "*Freeman v. Cooke*," where Parke, B., said, "if, whatever a man's real intentions may be, he so conducts himself that a reasonable man would take the representation to be true, and believe that it was meant that he should act upon it, and did act upon it as true, the party making the representation would be equally precluded from contesting its truth; and conduct by negligence or omission, when there is a duty cast upon a person by usage of trade or otherwise to disclose the truth, may often have the same effect." And they said the duty naturally arose out of the usages of trade as they exist; that when a business man receives such a notice from a bank, and it contains information of a forgery and fraud being practised on the bank in his name, he is bound, on every principle of justice and right dealing between man and man, and in accordance with the usages of trade, within reasonable time, to give the bank notice of the fraud. Now, that is a salutary and high-minded view to take; it lifts commercial law to a more elevated plane, and I should be only too pleased to see it adopted and followed. But, as Mr. Holt, a Canadian King's Counsel, says, in a most able article on the case, which appears, together with a report of the case itself, in the *Journal* of the Canadian Bankers' Association for July, 1904, the decision goes further than any of the English cases. The usages of trade, referred to in "*Freeman v. Cooke*," have generally been understood to mean usages of trade arising out of or governing contractual relations or dealings between two specific parties; we have the case of "*Scholfield v. Londesborough*," deprecating the promiscuous extension of duties beyond recognised limits; and there is the somewhat analogous case of "*Barton v. The London and North Western Railway*." There, a transfer having been lodged, the company sent to the apparent transferor the usual notice that, unless they heard to the contrary within a specified time, it would be acted on. The notice was received by the supposed transferor, but not replied to; and the Court of Appeal held that this constituted no estoppel precluding her from setting

up that her supposed signature was a forgery. However, the Canadian Court have, most astutely, utilised the authority of "*M'Kenzie v. The British Linen Co.*" in a way which certainly never suggested itself to me. In that case a similar notice had been sent by the bank to a man whose name ostensibly appeared as drawer on a bill which the bank had discounted. He did not answer. His name had been forged. And it was held that the bank could not recover, because, having parted with the money at once, and having lost no remedy against the forger, inasmuch as he had been captured and committed for trial, the silence had not been productive of injury to the bank. Now, I am quite sure I am right in saying that it has been the general impression that, in that case, *M'Kenzie*, the man whose name had been forged, was a customer of the bank, and that the foundation of the liability which would have been enforced, had the bank suffered by his silence, was the duty a customer owes to his banker to protect him from unnecessary risks. In "*Ogilvie v. The West Australian Corporation*," the Judicial Committee, referring to this case of "*M'Kenzie v. The British Linen Co.*," say: "It is obvious that the question of estoppel arising in these circumstances differs widely from the question which was discussed in '*M'Kenzie v. The British Linen Co.*' and similar cases. The ground upon which the plea of estoppel rested in those cases was the fact that *the customer*, being in the exclusive knowledge of the forgery, withheld that knowledge from the bank until its chance of recovering from the forger had been materially prejudiced." It is true that the latter statement is hardly applicable to the facts of "*M'Kenzie v. The British Linen Co.*"; but that is the only case mentioned by name, and the word customer is certainly used with reference to it. And it is curious that Lord Watson was a party both to the judgment in "*M'Kenzie v. The British Linen Co.*" and that in "*Ogilvie v. The West Australian Corporation*," though, possibly, the interval of fifteen years between the two cases may have dimmed his recollection of the earlier one. However, after all said and done, this fact remains, as pointed out by the Canadian Court, that *M'Kenzie* was not a customer of the British Linen Co.'s bank; never had been; never had any previous business transactions with them at all. It says expressly in the statement of facts in the *Law Reports* that the appellant *M'Kenzie* had not had any previous dealings with the bank. Lord Blackburn says that the agent of the bank did not know the drawer.

And there are, beyond question, very strong expressions in the judgments to show that if prejudice had accrued to the bank by *M'Kenzie's* silence the House of Lords would have held him liable. Lord Selborne, for instance, says: "If it is shown that the appellant then knew, or had reasonable grounds to believe, that a new bill, with his name upon it, had been given by John Fraser

“ to the respondents, the conclusion, under all the circumstances, “ would be inevitable that he assented to, and became bound by, “ the use so made of his name.” Lord Blackburn says: “ Certainly I think that his not telling the bank on July 15th, nor “ till July 29th, that it was a forgery, and so letting them continue in the belief that it was genuine, if he had not induced it, “ could not so preclude him, if, as I think was clearly the fact “ here, the bank neither gave fresh credit in the interval, nor “ lost any remedy which, if the information had been given “ earlier, they might have made available.”

Lord Watson says: “ It would be a most unreasonable thing “ to permit a man who knew the bank were relying upon his “ forged signature to a bill to lie by until he saw the position “ of the bank was altered for the worse.”

Now, bearing in mind that M'Kenzie was not, in any sense, the customer of the bank, it cannot be denied that these expressions do, as the Canadian Court say, go strongly to show that, notwithstanding this, the House of Lords would have held him liable if the bank had, in any way, suffered loss or been prejudiced. One can hardly assume that they believed him to have been a customer, because Lord Blackburn, in effect, stated he was not. I cannot find, from the report, that the point as to there being no duty on his part to the bank, not being a customer, was put forward in argument on his behalf; but arguments are frequently not reported at length, and anyway, the noble Lords present on that occasion were not the sort of men to miss an important point, whether taken by counsel or not. Of course, it is not the same thing as if the House had absolutely held M'Kenzie liable; it is not a direct decision, because M'Kenzie got off on the ground that the bank had not, in fact, been damaged by his silence; all the harm had been done before the date at which he could reasonably have been expected to tell them; but, as the Canadian Court say, and I fully recognise, you can scarcely avoid the conclusion that they treated the question of customer or no customer as immaterial. So there it is; and, to me, at any rate, it seems a somewhat startling but salutary innovation. It gives bankers another advantage denied to the general public, for I do not think any other class could claim the benefit of the doctrine, exceptional as it is, and in terms confined to bankers. Allusion was made in the Canadian Court to “ *Wiedeman v. Walpole*,” which was a case in which it was sought to establish a promise to marry because the man had not answered letters in which the girl and a clerical friend of hers asserted he had promised, and asked him to fulfil his promise. The Court of Appeal, in that case, specified certain very exceptional instances in which, as between business men, the omission to reply to a letter occurring in the course of business correspondence, and containing a definite assertion as to a past business

transaction, might be evidence of an admission that the transaction was as stated; but the rule is so carefully and closely limited that I cannot believe it has any application to the case of a single document emanating from a person or body with whom you have had no previous business relation or correspondence. So, for the present, at any rate, I would confine this very exceptional right to bankers. That is good enough for us; and it comes to this: that if you send this sort of notice to anyone whose name appears on a bill which you have discounted or taken as security for advances, be he customer or not, and whether you have, or have not, had any previous dealings with him, and he, knowing or having reasonable ground for believing that the signature is a forgery or unauthorised, omits to answer by letter, or, according to the Canadian Courts, by telegraph or telephone, where such speedier means of communication is available, and you are prejudiced by his silence, either by paying or advancing money on the document, or by losing the chance of protecting yourself, or a possible remedy against the wrongdoer, the person whose signature has been forged or used without authority is estopped and precluded from disputing his signature or the authority to sign, as against you; so that you are entitled to treat it as perfectly genuine, and hold him liable. It is certainly a liberal interpretation of the doctrine that silence gives consent. How much else of banking business it might cover; whether you would be entitled to write or telephone to the supposed drawer or indorser of a cheque to know whether the signature was really his, and hold him bound if you did not receive an immediate answer, I will not presume to say. There seem possibilities in that direction; but I should advise you to regard the rule for the present as confined to the state of facts to which it has been already applied, and as going no further. It would be easy to go on criticising the grounds on which the Canadian Court based their decision, the emphasis they lay on the moral aspect of the question, and so on; but I doubt whether any useful purpose would be served thereby. One point I would mention. The Canadian Court lay considerable stress on the fact that Ewing & Co. were men of business, and so must have known what would be the effect of disregarding the bank's communication, and on the usages of trade as establishing a legal duty from them to the bank on receipt of that communication. One of the judges said: "It does seem to me, that in such a country as Canada, where such a large proportion of its business is carried on by credit evidenced by drafts and notes, which are discounted by one or other of the chartered banks of the country, the usages of trade which create the duty apply to all persons engaged in trade, who are notified of the holding by one of these banks of a note or draft professing to be theirs. . . It seems to me the duty arises out of the usages of trade as

“they exist. When a business man receives such a notice from “a bank,” and so on. But I would notice that in “*M’Kenzie v. The British Linen Co.*,” on which the Canadian Court largely found their decision, the ground of usage of trade or the business character of the person receiving the notice is nowhere brought forward, save in so far as is involved in a reference to “*Freeman v. Cooke*,” which I have before quoted. There is nothing to show that *M’Kenzie* was a business man; if anything, the contrary. He met the man who had forged his name in a public-house, though, in that particular part of Scotland, there may be nothing very remarkable about that; he borrowed £3 or £4 of him, and when he appealed to the House of Lords, he did so “*in formâ pauperis*.” It would therefore seem as if the rule might be extended even further than the exact language of the Canadian Court would indicate, and that the unanswered notice would be equally effective against anyone, business man or not.

ANNUAL EXAMINATIONS, 1905.

The Examinations were this year held in London and in upwards of 290 Towns, among which were the following :—

Aberdare.	Darwen.	Lowestoft.	Rotherham.
Ashford.	Derby.	Luton.	Rugby.
Aspatia.	Dewsbury.	Macclesfield.	St. Albans.
Banbury.	Doncaster.	Madras.	St. Helena.
Barnsley.	Douglas.	Maidenhead.	Salisbury.
Barrow-in-Furness.	Dover.	Maidstone.	Sandbach.
Bath.	Driffield.	Malton.	Scarborough.
Bedale.	Eastbourne.	Manchester.	Selby.
Bedford.	East Dereham.	Mansfield.	Settle.
Belfast.	Exeter.	Maryport.	Sheffield.
Birkenhead.	Frodsham.	Matlock Bridge.	Shepton Mallet.
Birmingham.	Goole.	Melton Mowbray.	Shrewsbury.
Bishop Auckland.	Gravesend.	Merthyr Tydvil.	Skipton.
Blackburn.	Great Yarmouth.	Middlesbrough.	Slough.
Blackpool.	Grimsbj.	Millom.	Southampton.
Blandford.	Guildford.	Minehead.	Southport.
Blyth.	Guisborough.	Nelson.	South Shields.
Bolton.	Halesworth.	Newark.	Spalding.
Bombay.	Halifax.	Newcastle-on-Tyne	Stamford.
Boston.	Hanley.	Newport, Mon.	Stokesley.
Bournemouth.	Harrogate.	Newton Abbot.	Sudbury.
Bradford.	Haverfordwest.	Newtown, N.W.	Sunderland.
Brampton.	Hemel Hempstead.	Northallerton.	Swansea.
Brecon.	Hereford.	Northampton.	Swindon.
Bridlington	Hexham-on-Tyne.	North Walsham.	Tenbury.
Brighton.	High Wycombe.	Norwich.	Thirak.
Bristol.	Hitchin.	Nottingham.	Torquay.
Burnham.	Holyhead.	Oswestry.	Trowbridge.
Burnley.	Huddersfield.	Oxford.	Tunbridge Wells.
Burton-on-Trent.	Hull.	Penrith.	Ulverston.
Bury St. Edmunds.	Ilkley.	Plymouth.	Wakefield.
Buxton.	Ipswich.	Pontefract.	Warrington.
Calne.	Keighley.	Ponteland.	Wells.
Cardiff.	Keewick.	Pontypridd.	West Hartlepool.
Carlisle.	Kettering.	Portsmouth.	Weston-super-Mare.
Carmarthen.	Leamington.	Preston.	Whitby.
Carnarvon.	Leeds.	Ramsbottom.	Whitehaven.
Castletown.	Leek.	Reading.	Wigan.
Chester.	Leicester.	Redcar.	Wimborne.
Chesterfield.	Leyburn.	Rhyl.	Wisbech.
Clitheroe.	Lichfield.	Richmond, Yorks.	Wolverhampton.
Cockermouth.	Liverpool.	Rochdale.	Worcester.
Coventry.	Llanelli.	Rothbury.	Workington.
Darlington.			York.

EXAMINATION PAPERS.—APRIL, 1905.

I.—POLITICAL ECONOMY.

Preliminary Paper.

APRIL, 1905.

(Answer Eight questions only.)

1.—Explain the notions of *value*, *diminishing utility*, *final utility*, *elasticity of demand*, as employed in economic reasoning.

2.—Describe and illustrate the economic advantages derived from the specialisation of labour. How is the specialisation affected by the use of machinery? Is it attended with any drawbacks?

3.—Enumerate the causes which promote the growth of capital. Illustrate them from the cases of the United States, Spain, India, Russia.

4.—State the doctrine of economic rent. How would rents be affected (a) by improved means of internal transport; (b) by the imposition of a duty on imported corn, supposing the country to be an importing country?

5.—Give the different applications of the term *money* and show the peculiar service of each form. Explain the quantity theory of money.

6.—What in modern times is implied in the notion of a *market*, a *bad market*, a *perfect market*? Examine the case of the labour market.

7.—In what different circumstances does gold pass from one country to another? What measures are adopted to check this transit in any of the cases, and with what object?

8.—Explain the source and nature of *profit*. In what sense, if any, is it true that profits tend to an equality?

9. Describe the different kinds of business relations that give rise to foreign indebtedness, and state what is meant by commercial equilibrium.

10.—Define credit: distinguish the various effects of credit upon prices, and the conditions in which its increase is beneficial.

II.—POLITICAL ECONOMY.

Final Paper.

APRIL, 1905.

(Answer Seven questions, Two being taken from each section.)

A.

1.—In the distribution of the product, rent, wages, profits, have each been regarded as a surplus or residuum. Show how far this theory is correct, and state what determines each of the shares.

2.—Discuss and classify the causes of fluctuations in price. What forces tend to moderate, and which to increase these fluctuations in modern times?

3.—What is meant when it is said that a problem contains an economic element? Mention the economic elements in each of the following:—Municipal Production, Old-Age Pensions, the Anglo-French Treaty, the Revolution in Russia.

B.

4.—State the chief causes of fluctuations in the volume of trade and point out in what manner they operate. Indicate the best methods of restoring prosperity in the present industrial depression.

5.—Explain and criticise briefly two of the following:—The Mercantile System, the Navigation Acts, State-regulation of the hours of labour, the One-reserve System of Banking.

6.—Describe the various causes of a deviation from par in the foreign exchanges, the forces which make for its restoration, and the special circumstances to which each method is most applicable.

C.

7.—“Great Britain has lost the power of bargaining by her “Free Trade system.” “Retaliation is an instrument of negotiation.” Examine the economic value of these statements, and discuss the capacity of Great Britain to retaliate.

8.—Describe the special characteristics of direct and indirect taxation; compare their relative merits in the light of the canons of taxation. Discuss the proposals for a single tax.

9.—Describe the origin, methods, and results of giving Bounties, with historic illustrations. Discuss theoretically the probable effects of the Sugar Convention with regard to different interests in the countries concerned.

III.—PRACTICAL BANKING.

Preliminary Paper.

APRIL, 1905.

Success in this paper does not solely depend upon the technical correctness of the answers given. Special regard will be paid to the clearness and general intelligence of the answers, and also to the spelling and handwriting, and the style of expression.

- 1.—Describe the different kinds of crossings, and their effects.
 - 2.—What is the duty of a banker upon presentation of each of the following cheques:—
 - (a) Without date.
 - (b) Presented on Saturday and dated on following day.
 - (c) Presented after notice of the death of the drawer has been received.
 - 3.—Enumerate the different classes of banks in the United Kingdom, distinguishing the responsibilities of the partners.
 - 4.—Give the meanings of the following additions to bills of exchange:—
 - (a) Allonge.
 - (b) Occorendo.
 - (c) Falls bei.
 - (d) Prima und falls bei.
 - 5.—Define the different meanings of the word “rebate.”
 - 6.—Explain the meaning of the terms “First,” “Second,” and “Third” of Exchange, and their object.
 - 7.—A.B. has sent a remittance of £30 to his banker. Write a letter acknowledging its receipt, and pointing out that the account is still overdrawn.
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IV.—PRACTICAL BANKING.

Final Paper.

APRIL, 1905.

Success in this paper does not solely depend upon the technical correctness of the answers given. Special regard will be paid to the clearness and general intelligence of the answers, and also to the spelling and handwriting, and the style of expression.

1.—Give some account of the law with regard to bankers' licences, their amount, and the conditions under which they are required.

2.—Quote as nearly as possible a recent return of the Bank of England. Describe the items, distinguishing particularly the relations between the bullion held and the composition of the banking reserve.

3.—Explain fully the term Bank rate, and compare the effects upon the money market in London of lower rates prevailing in Paris and Berlin.

4.—What is the meaning of the term "Gold points," and quote those between London and Paris, and London and Berlin.

5.—Describe "payment for honour" and the position of the parties concerned.

6.—What responsibility does a banker assume for the custody of bonds or other bearer securities?

(a) When left with him in a closed box.

(b) When left with instructions to collect dividends as they become due.

(c) When left with instructions to sell through a broker.

7.—A bill for £150, discounted for a customer, has been dishonoured. Write letter (a) to the customer apprising him, (b) to an endorser, and (c) to the drawer.

APRIL, 1905.

(EIGHT questions only are to be attempted, of which not more than THREE shall be taken from Part II. The number of marks assigned to each question is given in brackets.)

I.

1.—Simplify (i) $\frac{\frac{3}{8} - \frac{1}{2} \text{ of } \frac{5}{8} + (4\frac{1}{2} \times 2\frac{1}{4}) - 3\frac{5}{12}}{(\frac{3}{8} - \frac{1}{2}) \text{ of } \frac{5}{8} - (4\frac{1}{2} \div 2\frac{1}{4}) + 3\frac{5}{12}} \div \frac{3\frac{1}{2}}{5\frac{1}{7}}$, and

$$(ii) \frac{2.\dot{0}\dot{2} + .\dot{0}\dot{3}}{2.\dot{0}\dot{1} - 1.\dot{1}\dot{0}} + (8.\dot{5}\dot{7} \times .\dot{0}2\dot{7} \div 1.\dot{1}\dot{9}) + .10\dot{4}$$

[10]

2.—Standard gold is 22 carats fine ($\frac{11}{12}$ or 916·6 in millièmes) and out of 20 lbs. troy of it there are coined 934 sovereigns and 1 half-sovereign; find (1) the price per ounce troy of *Standard* gold; (2) the price per ounce troy of *pure* gold; (3) the weight in grains of 1 sovereign; and (4) the value in shillings and pence (to $\frac{1}{10}$ of a penny) of a 20 Yen gold piece, $\frac{9}{10}$ fine and weighing 257·21 grains. [18]

3.—If the income tax at one shilling in the pound on the annual interests derived from investing $\frac{1}{3}$ of my capital at 4 per cent., and the rest at $4\frac{1}{2}$ per cent., be £28, what is the amount of my capital?

[10]

4.—A loan of £500 is granted for 3 months at 5 per cent. per annum, and at the end of 3, 6, and 9 months it is renewed, an additional charge of $\frac{1}{2}$ per cent. being made on each renewal. Find the total sum paid by the borrower during the year and calculate the actual rate per cent. per annum his loan has cost him. [6]

5.—Find what the holder receives for a 3 months' bill for £850, dated 25th March, 1905, which a banker discounts on 10th April at $2\frac{7}{8}$ per cent. per annum. (Use days of grace.) [10]

6.—Compare the rates per cent. of interest received from the following investments and find how much I must invest in each to obtain an income of £300 :—

(i) Canadian Northern Railway 4 per cent. Perpetual Consolidated Debenture Stock, issue price 92 per cent.

(ii) Japanese 6 per cent.	Stock at 103½	} brokerage ½ per cent.
(iii) Russian 4	89½	

[12]

7.—If the cheque exchange in London on Paris is $25.22\frac{1}{2}$ and the rate of discount for 3 months' bills in London is $2\frac{3}{4}$ per cent. per annum, what debt in Paris can be discharged by a person in London who holds a 3 months' bill on London for £875? [10]

[107]

8.—The capital of the London and North Western Railway consists of £42,884,615 ordinary consolidated stock, £38,898,096 3 per cent. perpetual debenture stock, and £38,181,026 consolidated 4 per cent. guaranteed and preference stocks. If the working expenses be 63 per cent. of the gross receipts, what must the gross receipts in the year be, in order to pay these preferential charges and the two half-yearly dividends at the rate of $6\frac{3}{4}$ per cent. and 5 per cent. respectively on the ordinary stock? [12]

II.

9.—Find the value of (i) $\frac{8r^2}{(r+1)(r+2)}$ when $r = -.36$, also when $r = .79$ and when $r = 10000$. (Correct to two places of decimals.)

(ii) $A \times \frac{\left\{ 1 - \frac{1}{(1 + \frac{r}{100})^n} \right\}}{\frac{r}{100}}$ when $A = 50$, $r = 4$ and $n = 12$. [15]

10.—Find the remainder when $a^4 - 3a^2b + 2a^2b^2 - 3ab^3 + b^4$ is divided by $a + 2b$, first regarding " a " as the variable and next " b " as the variable. Verify your two remainders by putting $a = 1$ and $b = 2$ in divisor, dividend, quotient and remainder in each case. [13]

11.—Simplify

(i) $\left(1 + \frac{3}{a+3} - \frac{3}{a-1}\right) \times \left(2 - \frac{3}{a+5} + \frac{3}{a-3}\right)$
and (ii) $\left\{1 - \frac{b^2 + c^2 - a^2}{2bc}\right\} \times \left\{1 + \frac{(a+b+c)(b+c-a)}{(a-b+c)(a+b-c)}\right\}$ [11]

12.—Resolve into factors these expressions :—

- (i) $1 - 2a - x^2 + 2ax$.
- (ii) $a^2 - b^2 + 2b - 1$.
- (iii) $x^2 + 3x^2 - x - 3$. [10]

13.—Solve these equations :—

- (i) $\frac{1}{3}\left(x - \frac{a}{3}\right) + \frac{1}{4}\left(x - \frac{a}{4}\right) - \frac{1}{5}\left(x - \frac{a}{5}\right) = 0$
- (ii) $\{(a^2 - b^2)x - 1\}^2 + \{2abx - 1\}^2 = \{(a^2 + b^2)x + 1\}^2$
- (iii) $3ay + 2bx = 3a - 2b$
 $2b^2x - 3a^2y = 5ab$ [15]

14.—Given that a man's expenditure is proportional to the square of his income, and that on an income of £400 he spends £300, what will he spend if his income is £500, and what is the largest income he can have without going into debt? [13]

VI.—COMMERCIAL GEOGRAPHY AND HISTORY.

APRIL, 1905.

(Answer any five questions, but not more.)
(Two hours allowed.)

1.—Give a brief account of the commercial history of Bristol, Glasgow, Goa, and Liverpool, and add geographical notes throwing light on that history.

2.—A sailing vessel sails from Liverpool to San Francisco and returns, taking cargo both out and home. Give an account of the route followed on the outward and homeward voyage, adding explanations, and state the most probable cargo in both directions.

3.—Give an account of the commercial development of Egypt since the British occupation, and say how it has been brought about.

4.—Describe the broad features of the Mississippi Valley, including in your description an account of the main characteristics of the climate in different parts. State also the nature of its internal and foreign trade, and the main outlets of the latter.

5.—Give a brief description of Manchuria and its climate and products. What part of the Old World corresponds most nearly to it in climate and products, and what differences are to be noted between the two?

6.—State as precisely as you can the situation of Aden, Buenos Aires, Lagos, Melbourne, and Pará, and mention the chief features of the trade of each.

7.—Give a short sketch of the history of British relations with South Africa and the accompanying commercial development.

8.—What were the principal Mediterranean ports of France, Italy, and Spain at the close of the fifteenth century, and what changes in their fortunes were brought about by the discoveries of that period?

VII.—COMMERCIAL LAW.

Preliminary Paper.

APRIL, 1905.

1.—How may a blank endorsement be converted into a special endorsement without incurring the liabilities of an indorser?

2.—A bill issued out of the United Kingdom is not stamped in accordance with the law of the place of issue. Does this render it invalid in this country?

3.—The acceptor of a bill drawn in a set pays it without requiring the part bearing his acceptance to be delivered up to him. At maturity that part is in the hands of a holder in due course. Is the acceptor liable to him?

4.—In what cases must a bill be presented for acceptance?

5.—A man in London draws a cheque on a piece of paper and affixes an adhesive penny stamp, but does not cancel it. Is he liable to any, and if so, what, penalty?

6.—An inland bill is endorsed in France. According to what law is the endorsement interpreted as regards the acceptor?

7.—What is meant by a partial endorsement of a bill, and has it any, and if so, what, effect?

8.—Define and illustrate the term "restrictive endorsement."

9.—How may a lost bill be protested?

10.—Can notice of dishonour be waived after the omission to give due notice?

VIII.—COMMERCIAL LAW.

Final Paper.

APRIL, 1905.

1.—A banker holds bills not yet due which he has discounted for a customer. Has he any lien over the customer's current account in respect of such bills?

2.—State the principle on which the joint and separate estates of a bankrupt partnership are administered.

3.—Has the discharge in bankruptcy of the principal debtor any effect on the liability of his sureties?

4.—A policy of life assurance is deposited with a banker to secure an advance. No memorandum is executed. After the advance has been made the depositor is adjudicated bankrupt. Can the trustee in bankruptcy claim the policy?

5.—Explain the maxim "Delegatus non potest delegare," and state any exceptions or limitations to the rule.

6.—By Austrian law a person taking in good faith, for value and without negligence, a cheque with a forged endorsement,

acquires an indefeasible title thereto against all the world. Such a cheque drawn and so taken in Austria is negotiated to an English bank. Discuss the bank's position.

7.—What is the difference, if any, in negotiability between a bill of lading and a bill of exchange?

8.—Is it possible so to frame a guarantee that interest shall run on the full amount to which the guarantee is limited, irrespective of the amount actually advanced? If so, how would you do it?

9.—In what circumstances can a purchaser from an agent set off a debt due to him from the agent against the purchase money?

10.—A debtor agrees to pay his debt by a part cash payment down, the remainder by cash instalments, the creditor meanwhile agreeing not to proceed with his legal remedies. What is the effect of this?

IX.—BOOKKEEPING.

Preliminary Paper.

APRIL, 1905.

DEFINITION AND GENERAL PRINCIPLES.

1.—State the uses of the four following Books of Account:—Cash Book, Petty Cash Book, Journal, and Ledger.

2.—What do you understand by the "Imprest System," and with what particular Book or Books of Account is it more immediately identified?

3.—The Taj-Mahal Furnishing Company, Limited, is a sound going concern, making substantial net Profits: under these circumstances on which side of the balance-sheet ("Liabilities" or "Assets") would you look to find the Balance of undivided Profits at 31 December, 1904? and give your reasons for the same.

4.—Give the form of ruling of a tabulated Sales Day Book, as also of a tabulated Purchases Day Book, and, although such ruling may be somewhat similar, point out in what respect these two Day Books essentially differ.

5.—In a merchant's office the term "Indent" not unfrequently appears: explain its meaning.

6.—At 31 December, 1904, Edward Jones' Bank Balance, by his Pass Book, stood at £857 10s. 6d. to his credit; the following

cheques, however, drawn by him had not been presented, and were consequently outstanding on 31 December, 1904 :—

No. 1769—William Thompson and Co.	£204	6	8
„ 1772—Elihu Bowen	125	0	0
„ 1773—Samuel Edwards	15	0	0

while, on the other hand, of the cheques paid in by him on that day £350 8s. 9d. (a country one) had not been cleared, and therefore was not credited till some days after. Draw up a Reconciliation Account between Edward Jones' Bank Pass Book and his Cash Book, and state what his actual Cash Balance, as shown by his Cash Book, was at 31 December, 1904.

7.—What do you understand by a “Sinking Fund” and also by a “Reserve Fund”? Explain briefly where each of such Funds more particularly applies, and on which side of the balance-sheet you would look for them respectively, whether on the “Liabilities” (Dr.) side, or on the “Assets” (Cr.) side.

8.—The following is a Trial Balance of Edward Simpson and Co.'s Ledger at 31 December, 1904 :—

Folio.	Name of Account.	Debits.		Credits.	
C 75	Cash at Messrs. Bullion & Co., Bankers	1,000			
L 25	Cash in hand, Petty Cash	10			
35/55	Sundry Creditors as detailed			2,760	
57/92	Sundry Debtors as detailed	5,530			
95/103	Total Expenditure for the year as detailed	550			
105/110	Total Profits for the year as detailed			3,720	
112	Investments at market price at date	4,290			
115	Bills Receivable	3,200			
117	Bills Payable			500	
130	Edward Brown: Drawing Account	400			
150	Edward Brown: Capital Account			8,000	
		£14,980		£14,980	

Pass the following four Journal Entries :—

- (1) Transfer Total Expenditure, £550, to Profit and Loss Account.
- (2) Transfer Total Profits, £3,720, to Profit and Loss Account.
- (3) Transfer the Balance of Profit and Loss Account to Edward Brown's Drawing Account.
- (4) Transfer the Balance of Edward Brown's Drawing Account to Edward Brown's Capital Account, and then draw up a final balance-sheet.

X.—BOOKKEEPING.

Final Paper.

APRIL, 1905.

DOUBLE ENTRY : ELUCIDATION AND EXPLANATION.

1.—Should the mere fact of a Firm balancing their Books satisfy them that each Balance is correct as it stands, without the need of adjustment? For instance, Messrs. Blank & Co.'s Trial Balance at 31 December, 1904, shows (among others) the following four Ledger Balances :—

<i>a</i>	<i>Dr.</i>	ROBERT SMITH (in liquidation).	<i>Contra.</i>	<i>Cr.</i>
	1904. Jan. 1	To Balance of Account brought down ... Balance £10 19 6.		
		62 10 62 10	1904. Nov. 1	By Cash: final Dividend in full of all demands 51 10 6 51 10 6
<i>b</i>	<i>Dr.</i>	THOMAS BROWN.	<i>Contra.</i>	<i>Cr.</i>
	1904. Dec. 15	To Cash on Account ...		
		50 50	1904. Nov. 30	By Goods Balance £22 10 0.
				72 10 72 10
<i>c</i>	<i>Dr.</i>	EDWARD BINNS.	<i>Contra.</i>	<i>Cr.</i>
	1904. Dec. 4	To Goods, Cash in one Month net Balance £13 6 0.		
		45 10 6 45 10 6	1904. Dec. 29	By Returns: weights not up to Samples 32 4 6 32 4 6
<i>d</i>	<i>Dr.</i>	THE SHORE TO SHORE RAILWAY.	<i>Contra.</i>	<i>Cr.</i>
	1904. Dec. 31	To Cash in settlement To Balance, overcharge £ 63 7 6		
		55 17 6 7 10 63 7 6	1904. Nov. 30	By Freight Charges ... 63 7 6 63 7 6
			1904. Dec. 31	By Balance, overcharge 7 10

State which (if any) of the above Balances are correct as they stand, and which (if any) require adjusting—in the latter contingency make the necessary adjusting Journal Entry or Entries.

2.—Mr. John Black and Mr. Edward Thompson agree to import Swedish timber into this country. On 1 May, 1904, they open a

Banking Account under the style of "Black & Thompson" for £2,400, towards which John Black contributes £1,400 and Edward Thompson £1,000, they dividing Profits or Losses *pro rata* to their cash contributions (say $\frac{7}{12}$ ths and $\frac{5}{12}$ ths respectively). They remit to their agent in Sweden £1,800 to pay for the timber purchased out there, and, later on, a further £100 in settlement of his account. The Freight, Insurance, and Dock Charges are all paid on this side, and, together, amount to £400. On 31 December, 1904, the various sales have realised £2,400 net, which enables them to repay themselves (taking no account of Interest) the cash respectively advanced by them on 1 May, 1904. The venture is then closed by John Black taking over the balance of timber unsold for £380, and for which he pays a cheque into the Banking Account. How much Cash Balance does this leave for final division by way of Profit, and how is the same apportioned between John Black and Edward Thompson as their respective share of Profit thus realised on the venture?

3.—There are two systems of Bookkeeping: name them both, and state which of the two you prefer, giving your reason for such preference.

4.—Edward Brown's Assets and Liabilities at 31 December, 1904, consist of the following items:—

(1) Sundry Debtors	£6,000
(2) Cash at Bank on Current Account ...	1,000
(3) Cash in hand (Petty Cash)	50
(4) Overdraft with the Bank: Investments (see Item No. 11) lodged with blank transfers as security	3,500
(5) Bills Payable	5,500
(6) Bills Receivable	4,500
(7) Freehold Land and Buildings mortgaged (see Item No. 10)	7,500
(8) Stock	9,000
(9) Creditors on Open Account	7,700
(10) Creditors on Mortgage Account (see Item No. 7)	5,000
(11) Investments (hypothecated, see Item No. 4)	8,000
(12) Reserve Fund	250
(13) Office Furniture and Fittings	400
(14) Plant and Machinery	5,500
Total of Assets and Liabilities ...	<u>£63,900</u>

From the above draw up a balance-sheet, marshalling the Assets and Liabilities in their proper recognised order and, on the principle that a man's Capital is the surplus of his Assets over his Liabilities, complete the balance-sheet by inserting the amount of Edward Brown's Capital at 31 December, 1904, as shown by his Books.

5. Do you consider Bills Receivable, which a Firm has discounted with its Bankers (and which are not yet matured), to be a Contingent Liability, and, if so, show how you would state the same upon the balance-sheet.

6.—Explain what you understand by a "*Personal*" Ledger Account and by an "*Impersonal*" Ledger Account, and state which of them is divided into two categories, naming these categories.

7.—Sketch the ruling of a Cash Book as used by Messrs. Blank and Co. (who bank everything with Messrs. Bullion & Co.), and enter therein three distinct Cash Entries on the debit side, and three on the credit side, showing at least two "Discount and "Allowances" Entries (either both on one side, or one on each side, at your option) and in the posting columns give the initials of the respective Ledgers to which these entries are severally carried, thus :—

"P/L" for "Private Ledger"

"G/L" „ "General Ledger"

"B/L" „ "Bought Ledger"

"S/L" „ "Sales Ledger"

as the case may be, together with the Ledger folio in each instance.

8.—Give the principal heads of a Trading Account, and also of a Profit and Loss Account of a manufacturer's business, showing which appear on the debit side and which on the credit side: you are not required to give any figures, but only the heads of the respective accounts involved.

XI.—FRENCH.

Preliminary Paper.

APRIL, 1905.

I.—TRANSLATE INTO ENGLISH.

J'admirais fort cette présence d'esprit au milieu du plus entraînant de tous les exercices, et cette constante préoccupation de

la vie d'autrui. Tous mes efforts tendaient à copier un si parfait modèle, mais il ne suffit pas de bien vouloir pour bien faire; aussi m'oubliais-je souvent. Un jour que nous étions assis sur l'herbe, en tête à tête, devant un déjeuner rustique que le grand air et la saine fatigue assaisonnaient royalement: Maître Frank, lui "dis-je, je sais que je n'égalerai jamais votre adresse; mais je "voudrais au moins devenir aussi prudent que vous. Ce n'est "pas chose facile, puisque, à mon âge et après une certaine "expérience de la chasse, j'ai des distractions dangereuses pour "le voisin et pour moi-même. Combien vous a-t-il fallu d'années "pour acquérir une vertu que j'envie?"

Il tressaillit et ses yeux se voilèrent, mais, dominant aussi cette émotion, il répondit.

(Edmond About.—*Souvenirs et Nouvelles*.)

Paris, 22 février 1905.

Monsieur Brown, Londres.

En réponse à votre honorée du 20 courant, j'ai le regret de vous informer que je ne puis accepter vos offres de me représenter dans votre ville. J'ai en Angleterre de très bons clients avec qui je fais des affaires importantes et qui, le jour où j'aurais un représentant cesseraient toutes relations avec nous.

Pour ces raisons, je suis parfaitement décidé à ne rien changer à l'état de choses actuel.

Veillez donc, avec mes regrets, agréer, Monsieur, mes civilités empressées.

CH. MEUNIER.

II.—QUESTIONS ON GRAMMAR.

- 1.—Give a list of demonstrative pronouns, in the masculine, feminine, singular and plural.
- 2.—Where are adjectives generally placed, and what are the principal exceptions to the general rule?
- 3.—When is the *t* or *l* doubled in verbs ending in *eter* and *eler*?
- 4.—Give five adjectives whose meanings differ according to their being placed after or before the noun they qualify, and their meanings in either case.
- 5.—Give the primitive tenses of *vouloir*, *pouvoir*, *aller*, *venir*, *connaître*.

III.—QUESTIONS ON THE METRIC SYSTEM.

- 1.—Give the nomenclature of the French measures of length with their equivalents in English measures.

- 2.—Convert 3,456 francs 75 centimes into English money.
- 3.—Convert £546 15s. 9d. into French money.
- 4.—Give the equivalents of 5 kilogrammes, 12 litres, 22 ares in English measures.

IV.—TRANSLATE INTO FRENCH.

- 1.—What is the time?
- 2.—Let me know where I can meet you to-morrow.
- 3.—He had just left me when you called.
- 4.—How long have you been here?
- 5.—Tell him that I expect to see him next week.

XII.—FRENCH.

Final Paper.

APRIL, 1905.

I.—TRANSLATE INTO ENGLISH.

Grandet regarda sa fille sans trouver un mot à dire. Il était un peu père, lui. Après avoir fait un ou deux tours dans la salle, il monta promptement à son cabinet pour y méditer un placement dans les fonds publics. Ses deux mille arpents de forêts lui avaient donné six cent mille francs; en joignant cette somme à l'argent de ses peupliers, ses revenus de l'année dernière et de l'année courante, outre les deux cent mille francs du marché qu'il venait de conclure, il pouvait faire une masse de neuf cent mille francs. Les vingt pour cent à gagner en peu de temps sur les rentes, qui étaient à soixante-dix francs le tentaient. Il chiffrâ sa spéculation sur le journal où la mort de son frère était annoncée en entendant, sans les écouter, les gémissements de son neveu. Nanon vint cogner au mur pour inviter son maître à descendre; le dîner était servi. Sous la voute et à la dernière marche de l'escalier, Grandet disait en lui-même: Puisque je toucherai mes intérêts à huit, je ferai cette affaire en deux ans, j'aurai quinze cent mille francs que je retirerai de Paris en bon or.

(*Balzac—Eugénie Grandet.*)

Du rapport de l'encaisse aux émissions.

On trouve dans l'histoire des banques de circulation des exemples d'extrême hardiesse et d'extrême prudence. La première

utilise le plus de capital qu'elle peut, et n'arrête les escomptes et les émissions que lorsque la nécessité l'y oblige; la seconde est inquiète dès que l'encaisse commence à tomber au dessous des chiffres des émissions, et s'empresse bien vite de ralentir les escomptes. Entre ces deux extrémités, on trouve une infinité de degrés que l'on peut mesurer par le rapport qui existe entre la moyenne commune des encaisses et la moyenne commune des billets en circulation. Ici le rapport est : billets 100, caisse 110 ; ailleurs, billets 100, caisse 50 ; ailleurs encore, billets 100, caisse 25 ; et ainsi de suite jusqu'à zéro caisse, idéal dont on peut se rapprocher sans jamais l'atteindre. A l'état normal, le rapport de l'encaisse aux émissions se règle par le développement accordé ou refusé aux escomptes.

(Courcelle-Seneuil—*Opérations de Banque.*—*Livre III,*
Chapitre IV.)

Banques Hypothécaires.

La valeur de tout prêt dépend à la fois du caractère et des habitudes de l'emprunteur, de la nature et des propriétés économiques du gage. A ce double point de vue, les immeubles susceptibles de servir de base à des opérations hypothécaires se divisent en trois grandes classes : 1° les fonds de terres destinés à la culture. Ceux-ci sont quelquefois d'une réalisation difficile et ne donnent en tout temps qu'un revenu médiocre ; mais leur marché est étendu, et leur prix n'éprouve guère de grandes variations ; 2° les maisons urbaines destinées à la location ou à l'habitation. Elles produisent en général un revenu plus élevé que les fonds de terres et sont d'une réalisation plus facile ; mais leur prix subit quelquefois de grandes variations ; 3° enfin les immeubles industriels situés à la ville ou à la campagne. Leur revenu est très variable, et leur valeur en capital, très incertaine, parce qu'ils ne répondent qu'à des besoins restreints et capricieux par nature, et ne trouvent que par occasion des acheteurs.

(Courcelle-Seneuil—*Opérations de Banque.*—*Livre III,*
Chapitre VI.)

II.—TRANSLATE INTO FRENCH.

An English gentleman who was staying in China was presented to the Emperor, and, in the course of conversation, his Majesty asked how the doctors in England were paid. After some difficulty he was made to understand that they receive their fees whether their patients are cured or not. Now, said he, I will tell you how I manage. I have four physicians, and I pay them a weekly salary ; but the moment I am ill their salary stops till I am well again. I need hardly tell you that my illnesses never last long.

Dublin, February 20th, 1905.

Messieurs J. Blanchard, Paris.

Gentlemen,

We much regret that we are unable to honour the two drafts drawn upon us to the order of C. Brown and D. Smith, in accordance with your advice of the 15th inst. The rules of our house do not permit us to accord our acceptance to your drafts without holding security; if, therefore, you should be unable to make us remittance at once, we should be compelled to allow your two before-mentioned drafts to be returned under protest.

I have the honour to remain,

Yours respectfully,

D. MILLER.

III.—GIVE THE FRENCH EQUIVALENT FOR THE FOLLOWING IDIOMS.

- 1.—To carry coals to Newcastle.
- 2.—To be hot-headed.
- 3.—To kill two birds with one stone.
- 4.—To slaughter a language.
- 5.—A sleepless night.
- 6.—To pack up.
- 7.—Mind your own business.
- 8.—What is the matter?
- 9.—He is very late.
- 10.—I had been three years in England when he arrived.

XIII.—GERMAN.

Preliminary Paper.

APRIL, 1905.

(Two hours allowed.)

A.—TRANSLATE INTO ENGLISH.

1.—Endlich kam der letzte Tag der Ferienzeit und der Morgen der Abreise. Auf ihre Bitte erhielt Elisabeth von der Mutter die Erlaubnis, ihren Freund an den Postwagen zu begleiten, der einige

Strassen von ihrer Wohnung seine Station hatte. Als sie vor die Haustür traten, gab Reinhard ihr den Arm; so ging er schweigend neben dem schlanken Mädchen her. Je näher sie ihrem Ziele kamen, desto mehr war es ihm, er habe ihr, ehe er auf so lange Abschied nehme, etwas Notwendiges mitzuteilen, etwas, wovon aller Wert und alle Lieblichkeit seines künftigen Lebens abhängt, und doch konnte er sich des erlösenden Wortes nicht bewusst werden. Das ängstigte ihn; er ging immer langsamer.

2.—Auf dem Hofe angekommen trafen sie einen Scherenschleiferkarren vor dem Herrenhause; ein Mann mit schwarzen, niederhängenden Locken trat eilig das Rad und summt eine Zigeunermelodie zwischen den Zähnen, während ein eingeschirrter Hund schnaufend daneben lag. Auf dem Hausflur stand in Lumpen gehüllt ein Mädchen mit verstörten schönen Zügen und streckte bettelnd die Hand gegen Elisabeth aus. Reinhard griff in seine Tasche, aber Elisabeth kam ihm zuvor und schüttete hastig den ganzen Inhalt ihrer Börse in die offene Hand der Bettlerin. Dann wandte sie sich eilig ab, und Reinhard hörte, wie sie schluchzend die Treppe hinaufging.

3.—Die dem Brauche des Handelsstandes entwichenen Formen des Börsenverkehrs sind in den sogenannten Börsenordnungen festgestellt. Diese enthalten die Bestimmungen über die Berechtigung zum Börsenbesuche und deren Bedingungen, über die Zeit der Versammlungen, die Arten der Börsengeschäfte, die Stellung der Makler zu diesen Geschäften und die Funktionen der Börsenbehörden. Zur Aufgabe dieser letzteren gehört an manchen Orten die Aufstellung und Veröffentlichung des Wechsel-, Geld-, Fonds- und Aktienkurszettels, auch wohl die der Waren-, Fracht- und Versicherungspreise. Ferner ist an mehreren Plätzen der Börsenbehörde der Charakter eines Handelsschiedsgerichts beigelegt, sowie der einer begutachtenden Stelle.

4.—Obwohl das Bankgeschäft in seiner heutigen Gestalt ein wesentlich modernes Ergebnis der Teilung des Handelsverkehrs ist, so sind seine Anfänge doch in weit hinter uns liegende Jahrhunderte zurückzuleiten.

B.—TRANSLATE INTO GERMAN (using German handwriting).

1.—A year has three hundred and sixty-five days, five hours, forty-eight minutes, and forty-five seconds.

2.—The German Empire has a surface (Oberfläche) of nine thousand eight hundred and eighty square miles (Quadrat—).

3.—We must first add two-thirds to that sum and then subtract eleven-twelfths from it.

4.—If he had preferred (vorziehen) virtue (Tugend) to vice

(Laster) and wisdom to pleasure, he would now be in a happier position (Lage).

5.—During the strikes (Ausstand, m) in Russia many innocent men, women and children were massacred (niedermetzeln) by the soldiers.

C.—QUESTIONS ON GRAMMAR (to be answered in German handwriting).

1.—Give the genitive singular and nominative plural of:—Gedanke, Dank, Pflicht, Zins, Kapital, Bankier.

2.—Decline the German for:—three German books; my youngest daughter.

3.—Translate:—with my brother; without his hat; through the river; on account of the rain; along the street; opposite the church.

4.—Give the third singular of the Present Indicative and of the Imperfect Subjunctive of:—Kommen, tragen, fragen, wollen, kennen.

5.—Past Participle of:—wissen, empfangen, annehmen, verderben.

6.—Translate:—I have been obliged to copy my letter. He is said to be very rich.

XIV.—GERMAN.

Final Paper.

APRIL, 1905.

(Two hours allowed.)

A.—TRANSLATE INTO ENGLISH.

1.—Ein böses Jahr kam über das Land, ein plötzlicher Kriegslärm erregte die deutschen Grenzländer im Osten, darunter auch unsere Provinz. Die furchtbaren Folgen eines heftigen Landerschreckens wurden schnell fühlbar. Der Verkehr stockte, die Werte der Güter und Waren fielen, jeder suchte das Seine zu retten und an sich zu ziehen, viele Kapitalien wurden gekündigt, grosse Summen, welche in kaufmännischen Unternehmungen angelegt waren, kamen in Gefahr. Niemand hatte Lust zu neuer Tätigkeit, Hunderte von Banden wurden zerschnitten, welche die Menschen

zu gegenseitigem Nutzen durch lange Zeit verbunden hatten. Jede einzelne Existenz wurde unsicherer, isolierter, ärmer. Überall sah man ernste Gesichter, gefurchte Stirnen. Das Land war wie ein gelähmter Körper, langsam rollte das Geld, dies Blut des Geschäftslebens, von einem Teile des grossen Leibes zu dem andern; der Reiche befürchtete, dass er viel verlieren werde, der Arme verlor die Möglichkeit, sich auch nur wenig zu erwerben. Die Zukunft erschien plötzlich verhängnisvoll, schwarz, verderblich, wie der Himmel vor einem schweren Gewitter.

2.—Die nächsten Wochen vergingen Anton in einer aufreibenden Tätigkeit. Er war peinlich bemüht, seine Pflicht zu tun. Die Abende, jede Freistunde brachte er an dem Aktentische oder in Konferenzen mit dem Rechtsanwalt und mit der Baronin zu. Unterdes nahm das Unglück des Freiherrn seinen Verlauf. Er hatte die Zinsen der Kapitalien, welche auf seinem Familiengut lasteten, am letzten Termin nicht gezahlt, eine ganze Reihe Hypotheken wurden ihm an einem Tage gekündigt, das Familiengut kam unter die Verwaltung der Landschaft. Verwickelte Prozesse erhoben sich. Ehrenthal klagte, forderte die erste Hypothek von 20,000 Talern und forderte die neue Ausfertigung; er war aber auch geneigt, Ansprüche an die letzte Hypothek zu machen, welche ihm der Freiherr in der unheilvollen Stunde angeboten hatte.

3.—Der Inhalt Ihres werten Schreibens vom 5. ds. hat uns nicht wenig befremdet. Es ist richtig, dass die im Oktober von Ihnen fakturierten Eisenwaren von uns noch nicht bezahlt worden sind. Sie scheinen aber vergessen zu haben, dass Ihr Reisender Herr Postel uns wegen ungenauer Ausführung dieser Waren eine Zielverlängerung von drei Monaten zugestanden hat. Wir können Sie versichern, dass es ein grosses Zugeständnis unsererseits war, diese unrichtige Lieferung überhaupt anzunehmen, und dass die erwähnte Zielverlängerung nur eine schwache Entschädigung für die Unannehmlichkeiten und Verluste bildet, die uns hieraus erwachsen sind und noch erwachsen werden. Ihre Mahnung war daher keineswegs begründet; nächsten Monat werden wir nicht verfehlen, Ihnen die schuldigen Rimeissen zu machen.

4.—Manchmal werden von einem gezogenen Wechsel mehrere gleichlautende Exemplare angefertigt. Dies geschieht hauptsächlich, wenn ein Wechsel an einen entfernten Ort gelangen soll, etwa ins Ausland, und die Gefahr nahe liegt, dass er verloren geht. Der Inhaber kann dann im Falle eines Verlustes des ersten Wechsels denselben durch eine Abschrift ersetzen. In diesem Fall sind die Abschriften zur Sicherheit angefertigt worden. Sie können aber auch gemacht werden, damit man ein Exemplar in Umlauf setzen und das andere zur Annahme an den Bezogenen senden kann. Dass sind dann Abschriften zur Bequemlichkeit.

B.—TRANSLATE INTO GERMAN. (using German handwriting).

1.—Shakespeare is considered the greatest of English poets; little, however, is known of him. He was born at Stratford-on-Avon in 1564. His father is said to have been a dealer in wool, also a farmer and an alderman (Ratsherr). When six years old he was sent to Stratford Grammar School, where he most likely remained till 1578, and, according to Ben Jonson, learnt little Latin and less Greek. It is supposed that, on leaving school, Shakespeare entered his father's business, and afterwards a lawyer's office. As a young man of 18 years he was married to the daughter of a neighbouring farmer, Anne Hathaway; but this marriage seems to have been an unhappy one.

2.—Your esteemed favour of the 13th ult. has safely come to hand. The bills mentioned therein have not yet been presented for acceptance, but shall be duly honoured to your debit, as soon as this is the case.

We have placed the £125 to your credit, and also the bill on Amsterdam, which we have negotiated at 11.18. The unfavourable state of exchange with Germany induces us to defer (*verschieben*) the selling of the M. 4,000 for a few days.

We remain, Gentlemen, your most obedient servants.

MISCELLANEA.

CENTRAL ASSOCIATION OF BANKERS.—The Annual Dinner of this Association took place on Wednesday, May 10th, at the Whitehall Rooms, when about 150 members and friends were present. The Right Hon. Lord Avebury, the Chairman of the Association, presided, and the principal guest was the Right Hon. Lord Stanley, the Postmaster-General.

The Annual Meeting of the Association was held in the library of the Institute of Bankers on the 11th of May, when Mr. Felix Schuster was elected Deputy Chairman and Honorary Treasurer, in the place of Mr. J. Herbert Tritton, who felt himself compelled, owing to his recent illness, to resign the office. Mr. W. Talbot Agar resigned the Secretaryship, which he has held since the Association was started in 1895, and Mr. Ernest Sykes was appointed to succeed him.

DR.	GENERAL CAPITAL ACCOUNT.	CR.	
	£ s. d.	£ s. d.	
To Balance brought forward ...	10,110 12 0	By Balance carried forward ...	10,280 12 0
" Subscription—			
Life Subscriber ...	5 0 0		
" Proceeds of Performances given by the London & South Western Bank Dramatic Society, 15th and 16th Dec., 1904 ...	100 0 0		
" Proceeds of Dramatic Per- formance by Staff of Messrs. Glyn & Co., 27th Feb., 1905...	20 0 0		
" Legacy from the late Mr. J. Boulter £50 0 0 Less Duty ...	5 0 0		
	45 0 0		
	<u>£10,280 12 0</u>		<u>£10,280 12 0</u>

DR.	BALANCE SHEET.				CR.						
	£	s.	d.		£	s.	d.		£	s.	d.
To General Capital Account	...	10,280	12	0	By Investments, General						
„ Revenue Account	...	3,135	12	6	Capital Account:						
					£1,000 New South						
					Wales 4% ...	...	1,038	15	0		
					£1,000 Queensland 4						
					% 1924 ...	...	1,061	18	6		
					£1,000 Victoria 4 %						
					1883 ...	...	1,018	15	0		
					£1,600 Canada 4 %						
					Reduced ...	...	1,681	1	0		
					£1,000 L. & S. W. Ry.						
					3 % Debenture Stock	977	0	8			
					£1,000 India 3½ % Stock	1,060	0	0			
					£1,000 Local Loans						
					Stock ...	...	1,042	10	0		
					£1,000 Birkenhead						
					Railway Guar. 4 %						
					Stock ...	...	1,206	13	0		
					£1,000 South Australia						
					4 % 1883 ...	...	1,062	12	0		
											</

In accordance with the provisions of the Companies Act, 1900, we certify that all our requirements as Auditors have been complied with, and we report that we have audited the above Accounts and Balance Sheet, and that, in our opinion, such Balance Sheet is a full and fair Statement, properly drawn up, so as to exhibit a true and correct view of the state of the affairs of the Orphanage as shown by the books.

(Signed)

G. C. BENNETT,
JOHN BRETT,
H. MEERS,
E. A. SIMONS,
W. E. WOOD, } *Auditors.*

April 14th, 1905.

NOTES ON RECENT ADDITIONS TO THE LIBRARY.

*The Bank and the Treasury.**

By F. A. CLEVELAND, Ph.D., Professor of Finance in the School of Commerce, Accounts, and Stenography New York University.

THIS is a book on certain aspects of American banking by an American professor, who regards it as stated to be "to contribute something to a series of General Reports of national interest—the problem of providing a sound and 'elastic' system of credit funds."

To business men before in America this problem appeals more intimately than it would do in this country, because American banking history inspires less confidence than does our own. American bank failures, like other American institutions, have been conspicuous for their magnitude, and an influential party has arisen which demands the remodelling of the American banking system on something nearer the English plan than that at present in use.

American banking differs from English banking chiefly in the absence of that complete centralization which is the dominant factor in this country. The former, apart from the issue of notes, is local; there is no bank in any way corresponding to the Bank of England or to any of the European State Banks; instead there are local groups of banks, loosely related to the central group in New York. It is only in the issue of notes that there is any centralized organization. The place occupied by the Bank of England in this respect is taken by the United States Treasury, which controls the issue both of Government legal tender notes and bank-notes issued under the terms of the National Bank Act, and which keeps the reserve of gold and silver. There is thus a dual element in American banking upon which Professor Cleveland strongly insists:—

"Our financial superstructure," he says (p. v), "rests on two distinct and widely separated pillars—the Independent Treasury and the Commercial Bank; each has its own burden and responsibilities; the one is an institution of public money issue, the other an institution of private credit."

Professor Cleveland protests against any radical change in these two characteristics, which differentiate American banking from that of all other countries. He claims that the existing system is a natural development due to special political and social conditions, and attributes the constantly recurring banking crises,

* London, 1905. Longmans.

not to the system, but to speculative excesses which cannot entirely be controlled by any system.

Except for a somewhat exaggerated estimate of the importance and magnitude of the American banking system compared with that of other countries, due perhaps to the nature of his aims, Professor Cleveland has handled his subject well, and his book is clearly and interestingly written, but we must forcibly protest against the publication of such a book without an index. To write a book appealing to business men without adding a comprehensive index is shortsighted in the extreme.

LEGAL DECISIONS AFFECTING BANKERS.

SITTINGS IN BANKRUPTCY.

(Before Mr. Justice Bigham.)

Re HAMILTON, YOUNG & Co.—*Ex parte* CARTER.

Times, May 23rd, 1905.

THIS was a special case stated by the Judge of the County Court at Manchester under section 97 of the Bankruptcy Act, 1883, for the opinion of the High Court, and raised a question of commercial law of some importance, under these circumstances.

The debtors, Hamilton, Young & Co., were adjudged bankrupts on August 15th, 1903, on their own petition, and a Mr. Carter was duly appointed the trustee in the bankruptcy. His title as trustee, however, related back to an act of bankruptcy committed by the debtors on the previous July 24th, which date was the date of the commencement of the bankruptcy; and the question was whether the National Bank of India (Limited) (hereafter called the bank) were secured creditors with respect to certain goods by virtue of certain letters of lien given them by the debtors, or whether the trustee in bankruptcy was entitled to the goods by virtue of his title and rights under the Bankruptcy Act. The debtors were a mercantile firm at Manchester, and consisted of four partners. Two of the partners also traded in co-partnership at Calcutta under the style of Ewing & Co. The course of business between the two firms was as follows:—Ewing & Co. in Calcutta from time to time gave the debtors prices which they were willing to pay for any particular goods which they required to be de-

livered to them c.i.f. in Calcutta. If the debtors saw that they could ship the required goods at a profit on the stated prices their practice was to accept the offer of Ewing & Co. and to produce the goods by buying the grey cloth, causing it to be bleached and dyed (if dyeing was necessary), and then packed and shipped (carriage paid and insured) to Ewing & Co. at Calcutta. The difference between the price which Ewing & Co. had agreed to pay and the cost to the debtors of production and delivery made up the gain of the debtors. If the prices offered by Ewing & Co. were not high enough their orders were declined, and the debtors asked for better prices. The debtors were not bound to execute any orders given by Ewing & Co. For the purpose of obtaining, producing, and shipping as above mentioned, the debtors purchased in Manchester goods, and had them prepared, packed, and shipped to Calcutta. The course of preparation of the goods for shipment was that the goods when purchased were sent to be bleached to bleachers, where they remained to the order of the debtors, and such of them as from time to time were required by the debtors for shipment to Ewing & Co. were delivered by the bleachers, in accordance with directions given them from time to time by the debtors, either to the warehouse of the debtors or to packers to be packed. In order to obtain money with which to pay for the goods which they had purchased, the debtors from time to time used to obtain advances from the National Bank of India (Limited). The debtors had two accounts with the bank—a general account and a loan account—the latter account being called “loan account No. 2,” and the course of business with the bank was as follows:—The debtors from time to time, as they required to pay for goods purchased in Manchester for shipment, drew cheques on the bank, which were honoured by the bank, and as security for the advances thereby made the debtors used to give the bank a letter of lien which (omitting formal parts) was in the following terms:—“We beg to advise having drawn a cheque on you for £—, which amount please place to the debit of our loan account No. 2, as a loan on the security of goods in course of preparation for shipment to the East. As security for this advance we hold on your account and under lien to you the undermentioned goods in the hands of [here followed list of goods and name of bleachers], as per their receipt enclosed. These goods when ready will be shipped to Calcutta, and the bills of lading duly endorsed will be handed to you, and we then undertake to repay the above advance either in cash or from the proceeds of our drafts on Messrs. Ewing & Co., Calcutta, to be negotiated by you and secured by the shipping documents representing the above-mentioned goods. But in no case is the advance to extend beyond two months from date hereof, unless by special arrangement, at the expiry of which we undertake to repay the same or

any portion thereof then outstanding. Interest on this advance to be at the rate of 6 per cent. per annum. We undertake that the goods while in course of preparation for shipment shall be covered against fire risk under a general policy of assurance which we shall deposit with you."

Accompanying the letter of lien, the debtors gave to the bank the receipts of the bleachers for the goods specified in the letter. As soon as the debtors had in their hands ready for shipment to the East goods of a value at least equal to the amount of one of the cheques thus drawn upon and honoured by the bank, they invoiced and shipped the goods to Ewing & Co. in Calcutta, and handed to the bank a copy of the invoice and the bill of lading of the goods so shipped, together with a letter signed by them (called the shipment letter) and a trust receipt to be signed by Ewing and Co. in Calcutta, and also a letter of written instructions to the bank as to the disposal of the moneys representing the value of such goods. The shipment letter was addressed by the debtors to the bank and (omitting formal parts) was as follows:—

"Having this day received from you an advance of £—, bearing interest at 6 per cent. per annum, we hereby hand you as collateral security for the due repayment of such advance and interest, bills of lading, invoices, and policies of insurance for — packages per — to Calcutta, as described at the foot hereof, which documents are to be handed to your Calcutta agency.

"Our agreement is as follows:—

"Firstly, that on arrival of the documents in Calcutta they will be handed to Messrs. Ewing & Co. by your agents, who will receive in exchange a formal lien over them and the goods they represent, and an undertaking to provide for fire insurance.

"Secondly, that within six months after the date of the above advance Messrs. Ewing & Co. will release the above documents referred to by delivering to your said agent a telegraphic transfer or demand draft on London for the equivalent amount of the said advance, together with interest at 6 per cent. per annum. from date hereof, until approximate due date of arrival in London of such remittance. Your bank to have the preference at equal rates [then followed the particulars referred to]."

The effect of each transaction above described was intended by the parties to be a payment in reduction of the outstanding amounts secured by goods hypothecated to the bank. When goods had been shipped of a value sufficient to cover or partly cover the amount outstanding under a particular letter or particular letters of lien, the amount mentioned in the shipping letters and documents was allocated to such particular letter or letters of lien either as a payment in full or in part of the amounts due under

such letter or letters of lien, as the case might be. In cases where the amount was allocated as part payment of the amount due under a letter of lien, it was the course of business that goods sufficient to secure both the undischarged balance and also the aggregate amount of all other letters of lien remained in the hands of the bleachers, or packers, or shippers, or in the warehouses of the debtors under lien to the bank. The goods shipped were on arrival delivered into a special godown rented by the bank, whose name appeared thereon and the keys whereof belonged to the bank and were in their possession. All such goods had been sold in Calcutta before arrival, and, under a verbal arrangement with Ewing & Co., in Calcutta, the bank allowed that firm to deliver such goods as the bank's agents to the purchaser, Ewing and Co. paying into the bank on the day after delivery the amount of the invoice value of such goods. The bank, after receipt of the letters of lien, had no information as to the movements of the goods between the bleachers, or the dyers, or the packers, and the debtors, nor as to whether the goods specified in the invoice and shipment letter and bill of lading corresponded wholly or partly with the goods specified in any letter of lien. All that the bank required was that the goods specified in the bill of lading, invoice, and shipment letters should be of a value sufficient to secure the bank in respect of the amount mentioned in the shipment letter. There was nothing in the shipping documents enabling the bank to identify the goods therein mentioned and the goods mentioned in the bleachers' receipts which accompanied the letters of lien. In June and early in July, 1903, the debtors had given the bank letters of lien on goods belonging to them which had been placed with bleachers and dyers as security for advances made to them by the bank amounting to upwards of £5,000, and the bleachers' receipts had been sent with the letters of lien to the bank; and on July 13th there were goods to a large amount in the hands of the bleachers and dyers, and also in the warehouses of the debtors. On July 14th the bank, hearing that Ewing & Co. were in difficulties, gave the bleachers and dyers notice claiming the goods in their hands, and on the same day they also gave notice to the debtors that they claimed the goods. On July 24th the debtors committed the act of bankruptcy to which the title of the trustee related back, and the question was as above stated, whether or not the bank were, by virtue of their letters of lien, secured creditors in respect of the goods referred to in their letters of July 14th. The question turned mainly on section 4 of the Bills of Sale Act, 1878, which enacts that "the expression 'bill of sale' shall include assignments, transfers, declarations of trust without transfer, inventories of goods with receipt attached thereto, or receipts for

purchase-money of goods, and other assurances of personal chattels . . . authorities or licences to take possession of personal chattels as security for any debt, and also any agreement, whether intended or not to be followed by the execution of any other instrument, by which a right in equity to any personal chattels or to any charge or security thereon shall be conferred; but shall not include the following documents . . . transfers of goods in the ordinary course of business of any trade or calling, bills of lading, India warrants, warehouse-keepers' certificates, warrants or orders for the delivery of goods, or any other documents used in the ordinary course of business as proof of the possession or control of goods, or authorizing or purporting to authorize, either by endorsement or delivery, the possessor of such document to transfer or receive goods thereby represented."

Mr. HANSELL, who appeared for the trustee in bankruptcy, contended—(1) That the letters of lien were bills of sale, and, not being in the form and registered as prescribed by the Bills of Sale Acts, were void; and (2) that the goods at the commencement of the bankruptcy were in the order and disposition of the debtors as the reputed owners thereof.

Mr. SCHILLER, who appeared for the bank, argued *contra*—(1) That the letters of lien fell within the exception in section 4 of the Bills of Sale Act as being "documents used in the ordinary course of business as proof of the possession or control of goods," etc.; and (2) that the letters of July 14th took the goods out of the order and disposition of the debtors.

At the conclusion of the arguments on May 8th judgment was reserved.

MR. JUSTICE BIGHAM now delivered the following written judgment:—The real question in this case is whether the document by which these merchants, the bankrupts, purported to give a charge in favour of the bank is one which required to be registered as a bill of sale. If it is, the question submitted to the Court must be answered in favour of the trustee. The form of the document is set out in the special case. It is addressed by the bankrupts to the bank, and it states that the money borrowed by the bankrupts from the bank is a "loan on the security of goods in preparation for shipment to the East." It also states that as security for the loan the bankrupts hold the goods on the bank's account and under lien to the bank. The goods are then particularized, and, finally, there is a statement that the receipts of the bleachers, in whose actual possession the goods for the time being are, are enclosed in the letter of hypothecation. This document evidences a transaction of a most ordinary kind as between bankers and merchants. Such transactions happen by the score every day of the week in places of business like Manchester.

What is the real effect of it? No doubt the physical possession of the goods is in the bleachers, but for whom do they hold them? I think that by the intention of all parties they hold them for the bank. Such is clearly the intention of the bank and of the merchants, and such also is the intention of the bleachers, for they know well that business is done as it was done here—that their receipts are to be or may be used as the receipts were used in this case, and that they will be bound to hand the goods to the bank if required to do so. The document is therefore one which is accompanied by a transfer of possession of the goods. Thus the document comes within the exceptions mentioned in the fourth section of the Bills of Sale Act, 1878. It is a "transfer of goods in the ordinary course of business of a trade or calling." The document may also be described as one which is "used in the ordinary course of business as proof of the control of goods," and, as such, it would come within the exceptions. It is not necessary to consider whether the document comes within the definition of the expression "bill of sale" as contained in the first clause of the fourth section of the Act; the important question is, whether it comes within the exceptions. I am clearly of opinion that it does. Of the authorities cited during the arguments, it is sufficient to say that, so far as they are applicable to this case, they support the view I take. Another point was taken on behalf of the trustee. It was said that the goods were in the order and disposition of the bankrupts at the commencement of the bankruptcy. That is a question of fact, and there can be no doubt as to the answer to be given to it. The goods were no doubt the goods of the bank in the sense that they had a charge on them; but the bank never consented to the goods being in the order and disposition of the bankrupts in their trade or business, and certainly did not do so in such circumstances that the bankrupts became the reputed owners of the goods. The reasoning of Lord Justice Vaughan Williams in the case of "*In re Watson*" (L.R., 2 K.B., 753) applies and disposes of the contention. The questions submitted to the Court must be answered in favour of the bank. The trustee must pay the bank's costs, and will take his costs out of the estate.

QUESTIONS ON POINTS OF PRACTICAL INTEREST.

THE Council desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which, after careful deliberation, the Council have approved:—

Question 2022, April "Journal," p. 246.

The attention of the Council having been directed to the apparent inconsistency of the answer to this question with the decisions in some recent cases in the Courts, they have obtained legal opinion upon the points at issue. The following is the question and the amended answer:—

Bill of Exchange—Endorser's Liability.

QUESTION 2022.—Mr. Jones draws on Mr. Smith, who duly accepts the bill, which is payable to the order of Jones. Mr. Jones, however, demurs to taking the bill, unless Mr. Smith's acceptance is stiffened by a good endorsement. To oblige Mr. Smith, Mr. Brown endorses the bill. Mr. Jones (drawer) then places his endorsement *below* Mr. Brown (obliging friend) and pays bill away to X, who, at maturity, duly presents the bill to Mr. Smith (the acceptor) who does not pay.

Please say if—

(1) The drawer (Mr. Jones) can first fall on Mr. Brown for payment, leaving Mr. Brown to fall back in turn on Mr. Smith (acceptor); or

(2) Can Mr. Brown plead "received no consideration," and thus force Mr. Jones (drawer) to fall back on Mr. Smith (acceptor)?

(3) If the second is the correct position of the parties, what will be the good of Mr. Brown's stiffening endorsement?

AMENDED ANSWER: (1) (2) (3) Mr. Brown is liable to X or any other subsequent holder in due course, but not to Mr. Jones, the drawer.

Joint Deposit Account—Bankruptcy of one of the Parties.

QUESTION 2029.—John Jones, who is in business, saves some money, and wishes his daughter (a minor) to have the benefit of it, while not losing entirely his control of the money. He places it on deposit in the joint names of himself and daughter. Some years afterwards, through a large bad debt, he is rendered insolvent. Kindly say—

1. Have the creditors any claim on the deposit money (his daughter being still a minor)?

2. If so, but they make no claim through being ignorant of its existence, should the bank allow him to withdraw it either before or after obtaining his discharge?

3. If the creditors are not entitled to it, do the bank incur any liability in allowing him to withdraw the amount before the daughter comes of age?

ANSWER: Assuming, as the question seems to indicate, that the transaction is a *bonâ fide* gift by John Jones to his daughter, and that John Jones retains no interest in the deposit except as trustee, then:—

1. The creditors have no claim on the deposit unless (a) bankruptcy occurs within two years after the gift; or (b) unless the bankruptcy occurs within ten years after the gift, and John Jones was not, at the time of making the gift, able to pay all his debts without the aid of the money deposited.

2. The bank should give notice to the Trustee in Bankruptcy.

3. In this event the bank would not incur liability to the creditors, but they would not be safe in allowing the father to draw the money before the daughter came of age.

Bill of Exchange—Presentation by Stranger.

QUESTION 2030.—A bill is presented across the counter, for payment at maturity, to the banker with whom it is domiciled. The person who presents it is a stranger to the banker, and the acceptor has not made any arrangement with him to domicile his bills at the bank, though his account is satisfactory at the time of presentation. Is the banker justified in requiring either (1) that the person presenting the bill should be identified as the payee; or (2) that the bill shall be presented through a banker?

ANSWER: (1) No; the banker must pay or refuse to pay at his own risk.

(2) No.

Marking Cheque after Business Hours.

QUESTION 2031.—One London Clearing Banker, A, tenders to another, B, for marking, say, at 4.15 on an ordinary day, a cheque received too late for passing through the Clearing House—

(1) Is A entitled to have the cheque marked at once? or,

(2) Is B within his rights in refusing to mark until the cheques already in the Clearing House have been received and paid?

ANSWER: By the custom of the London Clearing House B is under no obligation to mark a cheque until after the close of the clearing.

Endorsement—Received without Prejudice.

QUESTION 2032.—A cheque payable to John Smith is endorsed as follows:—

“Received without prejudice,
“John Smith.”

Is the paying banker entitled to disregard the conditional endorsement under Sec. 33 of the Bills of Exchange Act?

ANSWER: The words “Received without prejudice” do not form part of the endorsement, and may be disregarded by the paying banker.

SUMMARY OF JOINT

In £'s sterling 000 omitted, thus :—£1,000 =

Bank.	Account made up to	No. of Branches & sub-branches.	CAPITAL AND SHAREHOLDERS' LIABILITIES.					Dividend and Bonus per Annum.	Reserve Fund.
			Subscribed.	Paid up.	Nominal Amount of Share.	Paid up per Share.	Reserve Liability per Share.		
	1	2	3	4	5	6	7	8	9
*Anglo-Austrian Bank ...	1904. Dec.31	8	£ 2,000	£ 2,000	£ 10	£ 10	£ ...	% 6½	£ 332
*Anglo-Californian Bank, Ltd.	"	1	600	300	20	10	...	8	160
*Anglo - Italian Bank, Ltd.	"	none	50	50	5	5	...	10	14
Australian Joint Stock Bank, Ltd.	"	71	547	155	3½	1	...	...	...
Bank of Africa, Ltd.	"	66	3,000	1,000	18½	6½	...	13	645
Bank of Australasia	Oct. 10	168	1,600	1,600	40	40	40	12	1,190
Bank of British North America	Dec.31	44	1,000	1,000	50	50	...	6	420
*Bank of Scotland	1905. Feb.28	126	1,875	1,250	Stock	½	...	14	950
Bank of Victoria, Ltd. ...	1904. Dec.31	72	2,817	1,478	{ Pf. 10 Or. 10	10 5	... { 5 3½ }		150
*British Bank of South America	"	9	1,000	500	20	10	...	8	340
*Chartered Bank of India, Australia, and China...	"	26	800	800	20	20	20	11	800
Colonial Bank.....	"	14	2,000	600	20	6	...	7	150
Commercial Bank of } Australia, Ltd. }	"	136	2,212	2,212	{ Pf. 10 Or. ½	10 ½	... { 3 on Pf. }		...
Commercial Banking Co. of Sydney, Ltd.	"	144	2,000	1,000	25	12½	...	10	1,055
Delhi and London Bank, Ltd.	"	7	338	338	25	25	...	4	...

* These accounts are made up annually. † Including liability of customers for acceptances and endorsements.

STOCK BANK ACCOUNTS.

£1,000,000 (except columns 1, 2, 5, 6, 7, 8).

LIABILITIES.				ASSETS.					
Profits.	Acceptances.	Other Items.	Net Profits for the half-year.	Cash in hand and at Call.	Investments.		Bills discounted, Loans, and other Securities.	Bank Premises, Furniture, &c.	Total Assets.
					British Government Stock.	Other Investments.			
10	11	12	13	14	15	16	17	18	19
£ 1,902	£ 2,362	£ 166	£ † 150	£ 216	£ ...	£ 463	£ 9,195	£ 98	£ 9,972
1,976	...	...	† 44	915	...	145	1,414	8	2,482
...	...	18	† 4	1	...	27	58	...	86
1,363	116	206	3	989	196	...	4,294	366	5,845
1,623	415	1,068	68	1,748	...	992	6,695	404	9,839
1,186	...	2,483	140	4,785	967	146	14,368	306	20,572
1,676	...	2,892	61	2,380	263	269	4,932	180	8,024
1,198	1,393	1,272	† 224	1,563	a 4,138	2,997	11,028	437	20,168
1,685	...	928	35	961	...	186	5,893	253	7,293
1,919	2,125	620	† 64	984	...	...	5,434	131	6,549
1,974	3,257	1,478	† 240	3,108	...	1,582	12,668	196	17,549
1,925	...	1,038	24	549	...	997	2,141	50	3,737
1,359	...	788	70	1,016	...	134	4,805	453	6,408
1,602	...	1,128	66	2,835	...	1,109	10,393	448	14,785
1,313	9	24	8	190	...	133	1,339	33	1,695

† Net profits for the year. § Column 16 includes British Government Stock if held and not separately stated.

a. Including money at call.

b. Including £788,367 Inscribed Deposit Stock.

SUMMARY OF JOINT

In £'s sterling 000 omitted, thus :—£1,000—

Bank.	Account made up to	No. of Branches & Sub-Branches.	CAPITAL AND SHAREHOLDERS' LIABILITIES.					Dividend and Bonus per Annum.	Reserve Fund
			Subscribed.	Paid up.	Nominal Amount of Share	Paid up per Share.	Reserve Liability per Share.		
	1	2	3	4	5	6	7	8	9
	1904.		£	£	£	£	£	%	£
*Deutsche Bank.....	Dec.31	8	9,000	9,000 {	30 60	30 60	{ ...	12	3,7
*International Bank of London, Limited	"	1	400	300	20	15	...	...	...
	1905.								
*Ionian Bank, Limited ...	Jan.13	7	316	316	5	5	...	6	
*London & Brazilian Bank, Limited	Jan.31	15	1,500	750	20	10	...	12½	6
*London Bank of Aus- tralia, Limited	1904. Dec.31	52	1,277	548 {	Pf.10 Or.22½	10 7½	None 12½	5½ 2½	{ ...
*London Bank of Mexico and South America, Limited	"	None	800	400	10	5	...	10	24
*London, Paris & American Bank, Limited	"	1	500	400	20	16	...	8	22
*Mercantile Bank of India, Limited	"	12	1,125	562	25	12½	6½	5	11
*Natal Bank, Limited.....	"	30	1,741	500	10 {	5 on A 2½ " B	5 5	14	29
*National Bank of India, Limited	"	19	1,000	500	25	12½	...	10	50
Royal Bank of Queens- land, Limited	"	17	633	457 {	Or. 9 Pf.10	6½ 10	2½ None	3½ 3½	{
Standard Bank of South Africa, Limited	"	146	6,194	1,549	100	25	...	18	1,99
*Town and County Bank, Limited	1905. Jan.31	66	1,260	252	35	7	15	12½	15
Union Bank of Australia, Limited	1904. Aug.31	128	4,500	1,500	75	25	50	10	1,04
*Union Bank of Scotland, Limited	1905. Apl. 1	151	5,000	1,000	50	10	...	13	83

* These accounts are made up annually.

e. Marks 20 = £1.

1905. 355
STOCK BANK ACCOUNTS—(continued).

£100,000 (except columns 1, 2, 5, 6, 7, 8).

LIABILITIES.				ASSETS.					
Deposits.	Acceptances.	Other Items.	Net Profits for the half-year.	Cash in hand and at Call.	Investments.		Bills discounted, Loans, and other Securities†	Bank Premises, Furniture, &c.	Total Assets.
					British Government Stock.	Other Investments.‡			
10	11	12	13	14	15	16	17	18	19
£	£	£	£	£	£	£	£	£	£
14,680	9,254	476	† 1,216	7,202	...	4,115	56,338	722	68,377
18	18	360	...	5	79	8	561	...	653
594	9	239	† 20	116	...	255	812	24	1,207
3,524	4,103	2,658	† 136	3,140	...	...	8,534	168	11,842
4,179	...	683	† 16	771	...	911	3,377	381	5,440
61	408	...	† 43	39	...	548	562	...	1,149
1,688	...	...	† 42	324	...	341	1,675	...	2,340
2,239	394	1,051	† 61	655	111	319	3,288	13	4,386
3,726	...	774	† 93	1,310	142	86	3,597	171	5,306
8,556	432	1,700	† 157	2,417	...	782	8,586	85	11,870
842	8	33	10	286	...	77	988	62	1,413
19,479	...	4,720	126	5,332	...	4,162	18,114	322	27,930
2,835	5	288	† 38	511	...	1,046	1,924	77	3,558
15,700	...	2,337	104	4,310	1,000	568	14,237	564	20,679
12,530	18	965	† 188	4,482	1,140	1,767	7,795	318	15,502

† Including liability of customers for acceptances and endorsements. ‡ Net Profits for the year.

§ Column 16 includes British Government Stock if held and not separately stated.

PRIVATE BANKERS' BALANCE SHEETS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

Bank.	Account made up to	Branches & Agencies	LIABILITIES.				ASSETS.					
			Capital and Reserve Fund.	Deposits.	Acceptances.	Other Items.	Cash in hand and at Call.	Investments.		Bills discounted, Loans, and other Securities.	Bank Premises, Furniture, &c.	Total Assets.
								British Government Stock.	Other Investments.			
	1	2	£	£	£	£	£	£	£	£	£	£
Barnard, Thomas, & Co.	1904. Sep. 29	None	80	907	£	£	94	65	83	£	11	12
Beckett's Banks	Dec. 31	27	600	4,725	...	10	1,147	...	155	...	...	397
Berwick, Lechmere & Co.	"	9	150	1,257	...	214	334	...	2,695	145	23	6,639
Child & Co.	July 6 1905.	None	615	2,252	...	9	628	...	500	559	...	1,416
Cocks, Biddulph & Co.	Jan. 16	None	200	842	...	...	271	113	1,034	1,126	84	2,867
*Coutts & Co.	Jan. 18	None	1,000	7,753	...	...	2,161	1,291	157	451	50	1,043
Cox & Co.	Apr. 8 1904.	None	400	3,208	...	1	878	762	1,538	3,763	...	8,753
Eyton, Burton, Lloyd & Co. Sep. 30		5	80	638	...	...	86	...	363	1,461	145	3,609
*Glyn, Mills, Currie & Co. Dec. 31		None	1,500	13,812	...	60	6,138	2,774	198	419	15	718
Hoare, Charles, & Co.	July 6	None	485	2,592	...	...	980	273	65	6,215	180	15,372
Jones, David, & Co.	Dec. 31	2	100	417	...	7	50(a)	...	586	1,188	100	3,077
Lambton & Co.	" 1905.	23	683	3,755	3	...	598	513	122	329	23	524
Roberts, Lubbock & Co.	Jan. 31	None	500	3,585	70	...	1,858	437	1,136	2,092	102	4,441
Simonds, John & Chas. & Co. "		12	100	788	...	21	227	91	301	1,490	130	4,156
									198	430	33	909

* Registered as a Company with unlimited liability.

† Including liability of customers for acceptances and endorsements.
‡ Column 9 includes British Government Stock if held and not separately stated.
(a) Including Currency notes.

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

For the weeks ending }	1905. Mar. 8. 1	1905. Mar. 15. 2	1905. Mar. 22. 3	1905. Mar. 29. 4	1905. April 5. 5	1905. April 12. 6	1905. April 19. 7	1905. April 26. 8
BANK OF ENGLAND.								
LIABILITIES.								
Notes issued.....	£ 56,260	£ 56,284	£ 56,716	£ 56,178	£ 55,221	£ 54,125	£ 52,783	£ 52,405
Government debt...	11,015	11,015	11,015	11,015	11,015	11,015	11,015	11,015
Other securities ...	7,435	7,435	7,435	7,435	7,435	7,435	7,435	7,435
Gold coin and bul- lion	37,810	37,834	38,266	37,728	36,771	35,675	34,333	33,955
Total.....	56,260	56,284	56,716	56,178	55,221	54,125	52,783	52,405
ASSETS.								
Proprietors' capital	14,553	14,553	14,553	14,553	14,553	14,553	14,553	14,553
Reserve	3,643	3,696	3,700	3,740	3,164	3,143	3,158	3,161
Public deposits ...	16,619	16,267	17,669	18,274	12,797	10,402	10,854	10,649
Other Deposits ...	37,891	44,515	39,497	42,559	41,830	41,421	39,002	39,737
Seven day and other bills	124	112	111	89	106	117	120	72
Total.....	72,870	79,143	75,530	79,215	72,450	69,636	67,687	68,172
LIABILITIES.								
Government securi- ties	15,589	15,589	15,589	15,589	15,443	15,445	15,496	15,495
Other securities ...	26,424	32,424	28,409	33,413	28,572	26,676	26,369	27,048
Notes	28,917	29,197	29,505	28,187	26,461	25,483	23,825	23,761
Gold & Silver coin	1,940	1,933	2,027	2,026	1,974	2,032	1,997	1,868
Total.....	72,870	79,143	75,530	79,215	72,450	69,636	67,687	68,172
Notes in the hands of the Public ...	27,343	27,087	27,211	27,991	28,760	28,642	28,958	28,644
Reserve	30,857	31,130	31,532	30,213	28,435	27,515	25,822	25,629
Proportion of re- serve to liabili- ties (per cent.)...	56.48	51.12	55.05	49.59	51.95	52.97	51.66	50.79
Rate of discount ...	2½ %	2½ %	2½ %	2½ %	2½ %	2½ %	2½ %	2½ %
RATES OF EXCHANGE ON LONDON.								
Paris, cheque— (par £1=25f. 22½c.)	25.19½	25.20	25.16½	25.18	25.15	25.15½	25.15	25.14½
Berlin, 8 days— (par £1=20m. 43pf.)	20.45	20.47	20.47½	20.46½	20.46½	20.47½	20.47	20.47½
New York, 60 days— (par £1=\$4.867) ...	4.84½	4.84½	4.85	4.85	4.86	4.86	4.84½	4.84½
Do. Cable Transfers	4.87½	4.86½	4.86	4.86	4.86½	4.86	4.86	4.86½
Calcutta, (per rupee)	1s. 4½d.	1s. 4½d.	1s. 4½d.	1s. 4½d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 3½d.

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

For the weeks } ending }	1905. Mar. 9. 1	1905. Mar. 16. 2	1905. Mar. 23. 3	1905. Mar. 30. 4	1905. April 6. 5	1905. April 13. 6	1905. April 20. 7	1905. April 27. 8
BANK OF FRANCE. (Converting the franc at 25 to the £.)								
LIABILITIES.	£	£	£	£	£	£	£	£
Public deposits ...	5,801	7,210	9,134	9,180	6,583	6,745	6,974	9,571
Private deposits ...	23,243	21,040	19,984	22,192	20,494	31,424	24,080	24,321
Notes in circulation	173,960	173,502	171,886	174,971	176,544	176,036	176,059	174,331
Other items	15,201	15,186	14,535	14,932	15,577	14,794	15,567	17,139
Total.....	218,205	216,938	215,539	221,275	219,198	228,999	222,680	225,330
ASSETS.								
Gold	111,740	111,094	110,723	110,611	110,720	110,876	111,170	111,741
Silver	44,012	43,992	44,039	44,022	44,030	43,897	44,036	43,941
Bills	21,698	21,279	20,507	25,401	23,362	28,345	26,986	29,781
Advances	26,725	26,395	26,237	26,035	26,892	31,716	26,369	25,704
Other items	14,035	14,178	14,033	15,206	14,194	14,165	14,119	14,239
Total.....	218,205	216,938	215,539	221,275	219,198	228,999	222,680	225,330
Rate of discount	3 %	3 %	3 %	3 %	3 %	3 %	3 %	3 %
	1905. Mar. 15.	1905. Mar. 23.	1905. Mar. 31.	1905. April 7.	1905. April 15.	1905. April 22.	1905. April 29.	1905. May 6.
IMPERIAL BANK OF GERMANY. (Converting the reich- mark at 20 to the £.)								
LIABILITIES.	£	£	£	£	£	£	£	£
Notes in circulation	59,446	60,547	77,175	71,661	67,704	65,459	67,454	66,118
Current accounts...	34,273	35,472	29,550	29,981	33,145	35,721	35,061	30,427
Other items	13,080	13,100	13,175	13,089	13,112	13,126	13,154	13,173
ASSETS.								
Coin and bullion ...	56,142	57,266	50,794	50,788	52,307	53,434	52,693	52,035
Bills and loans.....	38,244	38,958	55,168	47,254	42,899	41,920	49,580	46,008
Other items	12,418	12,895	13,938	16,689	18,755	18,950	18,396	11,079
Rate of discount	3 %	3 %	3 %	3 %	3 %	3 %	3 %	3 %

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus:—£1,000 = £1,000,000.

For the weeks ending }	1905. Feb. 11. 1	1905. Feb. 18. 2	1905. Feb. 25. 3	1905. Mar. 4. 4	1905. Mar. 11. 5	1905. Mar. 18. 6	1905. Mar. 25. 7	1905. April 1. 8
NEW YORK ASSOCIATED BANKS. Converting the dollar at 5 to the £.)								
	£	£	£	£	£	£	£	£
LIABILITIES.								
Notes in circulation	8,605	8,570	8,566	8,570	8,573	8,561	8,612	8,744
Net deposits	240,594	238,511	235,965	237,994	237,533	234,888	230,132	227,732
ASSETS.								
Loans & discounts	228,421	227,202	224,256	226,885	226,584	225,536	221,940	219,858
Specie	44,514	44,191	44,634	43,926	44,238	43,012	42,070	41,896
Legal tenders	17,842	17,278	17,286	17,250	17,001	16,741	16,759	16,770
Legal reserve (being one-fourth of net deposits)	60,149	59,628	58,991	59,498	59,383	58,722	57,533	56,933
Reserve held (consisting of specie and legal tenders).	62,356	61,469	61,920	61,176	61,239	59,753	58,829	58,666
Surplus	2,207	1,841	2,929	1,678	1,856	1,031	1,296	1,733
CLEARING HOUSE RETURNS.	1905. Mar. 8. £	1905. Mar. 15. £	1905. Mar. 22. £	1905. Mar. 29. £	1905. April 5. £	1905. April 12. £	1905. April 19. £	1905. April 26. £
London	215,866	268,032	211,042	205,714	345,370	210,891	300,087	139,973
Birmingham	Mar. 4. 1,625	Mar. 11. 873	Mar. 18. 912	Mar. 25. 880	April 1. 1,337	April 8. 1,366	April 15. 1,075	April 22. 842
Bristol	712	514	561	583	663	636	580	514
Dublin	2,984	{ Mar. 14. 2,905 }	2,500	3,205	2,807	3,405	3,101	2,300
Liverpool	4,387	3,367	4,123	3,120	3,936	3,449	3,426	2,831
Manchester	5,678	4,801	5,360	4,139	5,560	5,740	5,164	4,229
Newcastle-on-Tyne ...	1,924	1,408	1,654	1,231	1,473	1,532	1,611	1,375
Melbourne	1904. Dec. 19. 4,362	1904. Dec. 24. 4,351	Jan. 9. 3,439	Jan. 16. 3,477	Jan. 23. 3,507	Jan. 28. 3,216	Feb. 6. 4,112	Feb. 13. 3,447
	1905. Mar. 8.	1905. Mar. 15.	1905. Mar. 22.	1905. Mar. 29.	1905. April 5.	1905. April 12.	1905. April 19.	1905. April 26.
MISCELLANEOUS.								
Average price of Wheat	30s. 8d.	30s. 9d.	30s. 10d.	30s. 9d.	30s. 9d.	30s. 9d.	30s. 8d.	30s. 8d.
Price of Consols	91 $\frac{1}{8}$	91 $\frac{1}{4}$	91 $\frac{1}{4}$	91 $\frac{1}{4}$	91	90 $\frac{1}{4}$	90 $\frac{1}{4}$	90 $\frac{1}{8}$
Bar Silver, fine, per oz. standard	2s. 3 $\frac{1}{4}$ d.	2s. 2 $\frac{1}{4}$ d.	2s. 2 $\frac{1}{8}$ d.	2s. 2 $\frac{1}{8}$ d.	2s. 1 $\frac{1}{8}$ d.	2s. 2 $\frac{1}{4}$ d.	2s. 2 $\frac{1}{4}$ d.	2s. 2 $\frac{1}{8}$ d.
3 1/2% French Rentes...	100.50	99.60 x	99.87 $\frac{1}{4}$	99.50	99.37 $\frac{1}{4}$	99.32 $\frac{1}{4}$	99.40	99.10

SUMMARY OF BANK RETURNS

OF VICTORIA, NEW SOUTH WALES, NEW ZEALAND, SOUTH AUSTRALIA, QUEENSLAND, TASMANIA, AND WESTERN AUSTRALIA.

Compiled from the Sworn Averages for the Quarter ended 31st December, 1905.

LIABILITIES.

	Notes in Circulation not bearing interest.	Bills in Circulation not bearing interest.	Balances due to other Banks.	Deposits not bearing interest.
Victoria	£913,590	£124,353	£86,088	£11,280,423
New South Wales	1,378,643	227,967	65,979	12,576,792
New Zealand	1,466,279	58,816	48,036	8,361,648
South Australia	890,115	11,993	24,716	2,448,048
Queensland	—	116,574	61,403	4,794,510
Tasmania	154,595	18,787	—	1,464,845
Western Australia	397,863	49,395	68,530	3,287,404
Totals	4,691,085	607,885	364,732	44,313,670

	Deposits bearing interest.	Total Deposits.	(a) Total amount of Liabilities.
Victoria	£18,908,017	*£29,489,440	£31,553,334
New South Wales	19,235,231	†18,132,013	34,179,670
New Zealand	10,437,234	‡18,788,872	20,361,993
South Australia	2,598,015	§ 6,046,063	6,795,183
Queensland	7,757,746	¶12,552,256	12,826,338
Tasmania	2,118,111	§§ 3,582,956	3,756,338
Western Australia	1,522,687	|| 4,810,041	5,225,819
Totals	62,867,971	107,081,641	114,798,676

(a) Total liabilities include perpetual inscribed stocks of the English, Scottish and Australian Bank Limited, as follows:—Victoria, £396,863; New South Wales, £365,069; South Australia, £327,296; Queensland, £86,105; total, £1,535,333.

* Victoria.—This includes Government deposits, not bearing interest, £305,399; bearing interest, £1,966,896; total, £2,301,995.

† New South Wales.—Government deposits are not shown separately by the banks.

‡ New Zealand.—This includes Government deposits, bearing interest, £1,481,628.

§ South Australia.—This includes Government deposits, not bearing interest, £168,406.

¶ Queensland.—This includes Government deposits, not bearing interest, £383,679, and bearing interest, £2,341,682; total, £2,815,361.

ASSETS.

	Coined Gold and Silver, and other metals.	Gold and Silver in bullion or bars.	Landed and other Property.	Notes and Bills of other Banks.
Victoria	£5,923,908	£528,689	£1,987,544	£326,880
New South Wales	5,816,892	226,307	1,804,956	303,222
New Zealand	3,597,290	142,301	404,831	63,729
South Australia	1,548,877	16,672	428,402	61,933
Queensland	1,794,181	241,982	788,249	41,299
Tasmania	767,659	—	108,808	—
Western Australia	1,618,149	661,117	197,128	66,220
Totals	21,056,986	1,824,068	5,687,915	863,993

	Balances due from other Banks.	All debts due to the Banks.*	Total amount of Assets.
Victoria	£152,207	†£30,401,807	£39,291,135
New South Wales	817,176	‡34,645,192	a 46,768,176
New Zealand	25,059	§16,340,177	20,580,287
South Australia	49,857	¶ 4,441,707	6,547,447
Queensland	111,146	|| 13,997,526	16,372,333
Tasmania	105,550	** 2,580,267	3,552,281
Western Australia	51,537	†† 3,823,799	6,417,950
Totals	812,532	106,280,475	140,079,699

* Including notes, bills of exchange, and all stock and funded debts of every description, except notes, bills, and balances due to the banks from other banks.

† Victoria.—Government securities (if any) held by the banks are not separately distinguished in these returns.

‡ New South Wales.—This includes £1,309,700, average amount of Government securities held by the Commercial Banking Company of Sydney; and £24,816 held by the Bank of New South Wales.

§ New Zealand.—This includes notes and bills discounted, £1,983,097; debts due to the banks, £12,065,511; Colonial Government securities, £246,479; other funded securities, £55,956; and securities not included under other heads, £1,251,002.

¶ South Australia.—This includes £400 Government securities held by the National Bank of Australia; £72,000 Government and public securities held by the Bank of Adelaide; £23,572 Government securities held by the Bank of New South Wales; and stamp account, £285, Bank of Australia.

|| Queensland.—This includes Treasury notes, £290,060; Government securities and stamp account, £38,119, held by the Queensland National Bank; stamp account, £1,007, Bank of Australia; Government securities, £53,256, by the Royal Bank of Queensland; Government securities, £26,344, held by the Bank of New South Wales; and Government securities, £23,750, held by the Bank of North Queensland.

** Tasmania.—This includes £337,730 Government securities held by the Commercial Bank of Tasmania, Limited, and £26,000 held by the National Bank of Tasmania. Coin and bullion are not stated separately.

†† Western Australia.—This includes public securities, £58,500, held by the Western Australian Bank; and Government securities, £23,422, held by the Bank of New South Wales.

(a) Including balances due from branches, £3,553,730.

(From The Australasian Insurance and Banking Record.)

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JOURNAL

OF THE

Institute of Bankers.

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OCTOBER, 1905.

SOME ASPECTS OF NATIONAL FINANCE.

By EDGAR SPEYER, Esq.

[Read before the Institute on Wednesday, June 7th, 1905, at 5.30 p.m.]

The President, J. SPENCER PHILLIPS, Esq., in the Chair.



NOTION

subject matter of this lecture has engaged my attention for a considerable time, and I have realized its importance, but to do it justice much more leisure is required than is at my disposal, and much more knowledge than I possess.

I hesitated very much before addressing you on a matter so complex, and my only excuse, and indeed my only justification, is that this discussion may stimulate interest in a subject which, strange to say, has been rather neglected; and which, having regard to its great importance and influence on our national well-being and stability, deserves the closest attention and study.

In putting before you certain facts and figures, I do not claim to in any way express original ideas, but rather to submit certain conclusions which, in my opinion, should be present to the minds of those interested in the country's finance.

I can only ask you, therefore, to accept my remarks as a plain statement from a business man who is one of yourselves, and to ask your indulgence.

Permit me further to add that, but for the valuable assistance rendered to me by my friend, Mr. George Paish, I should not have been able to deal with this subject in the manner I have done, and it is owing to his help, and his great knowledge of facts and figures intimately connected with the subject under discussion that I have been enabled to get what was essential in the way of statistics.

General Extravagance.

On the 1st January, 1904, when in New York, I was questioned with regard to the financial condition and outlook in this country,

and I then ventured to express the view that the root of our troubles, and one of the main reasons for the growing excess of imports over exports, was general extravagance—national, municipal, individual; that retrenchment was necessary all round; and that it would have to come eventually through the stress of hard times if through nothing else.

The Fiscal Question.

At that time the fiscal question was in the forefront of discussion, and our fiscal system was made—as it is still made by some people—the scapegoat for all our national ills.

The nation was suffering from an epidemic of “fiscalitis” and “dumpophobia” (as these complaints have been aptly called) which were very violent then, and which I then ventured to say, on account of their very violence, could hardly last.

Since that time, about fifteen months ago, many momentous events have happened in the world, and great changes have taken place. The heat of fiscal discussion has cooled, but the central fact of the situation as it has existed for some time—the fact of general extravagance—still exists, and it is this fact and the consequence arising therefrom that I wish to examine a little more closely to-day.

It may be commonplace to say that the rules which apply to individuals govern countries with equal force, and that the qualities, physical and moral, that make for success or failure in individuals have the same effect on nations.

The War and its Consequences.

A war, such as the South African war has been, has meant great effort; and as a man after an illness or after a great mental or physical strain, wants time for recuperation, time for collecting strength, so does a country. Rest is necessary for the gathering and husbanding of resources.

If these elementary rules are not heeded the patient is bound to suffer, and if he persists, he exposes himself to serious danger.

In saying this I do not take an unduly alarmist view. Very far from it. We should carefully guard against either over-stating or under-stating the case, and avoid catch words which mean so little and do so much harm.

Danger of Exaggeration.

I remember well a sentence in an article in the *Spectator* some time ago: “Whenever we hear of a crisis there is plenty of “exaggeration in the air.” The wisdom of this remark struck

me very forcibly during the time of heated fiscal discussion. There was, and still is, "plenty of exaggeration in the air" on both sides of the question; those who wanted to prove that we were on the verge of ruin and those who tried to make out that all was for the best in the best of all possible worlds, have not erred on the side of moderation.

Some cause for anxiety there is, no doubt, and there exists a case that warrants consultation, a careful analysis, and a proper diagnosis. The diagnosis that has been made by many observers is to the effect already stated, that we have been too extravagant, and that our expenditure has reached dangerous proportions. Particular emphasis has been laid on the extravagance of our municipalities.

Municipal Extravagance.

I am the last to defend or ignore the enormous increase in municipal expenditure; the growth has been enormous, and merits the most careful consideration of the nation.

I do not propose, however, to discuss municipal finance to-night, not only because it has been exhaustively dealt with by Lord Avebury, but because the time at my disposal obliges me to limit myself to national finance, that is, a review of the financial position and the financial policy of the country.

National Expenditure.

Let us now look at the picture which presents itself to us when we consider the sums expended and to be expended in the ten years from 1896 to 1906.

1905-6	...	...	...	...	£142,032,000
1904-5	...	...	...	...	141,956,497
1903-4	...	...	...	...	146,961,136
1902-3	...	...	...	...	184,483,708
1901-2	...	...	...	...	195,522,215
1900-1	...	...	...	...	183,592,264
1899-1900	...	...	...	...	133,722,407
1898-9	...	...	...	...	108,150,236
1897-8	...	...	...	...	102,935,994
1896-7	...	...	...	...	101,476,669
<hr/>					
Total 10 years	...	...	...	...	£1,440,833,126
<hr/>					

Now I will compare this with the expenditure of the ten previous years, when no unproductive outlay upon war took place. The figures are as follows :

1895-6	...	...	...	...	£97,764,357
1894-5	...	...	...	...	93,918,421
1893-4	...	...	...	...	91,302,846
1892-3	...	...	...	...	90,375,365
1891-2	...	...	...	...	89,927,773
1890-1	...	...	...	...	87,732,855
1889-90	...	...	...	...	86,083,314
1888-9	...	...	...	...	87,683,830
1887-8	...	...	...	...	87,423,645
1886-7	...	...	...	...	89,996,752
Total 10 years	...	...	...	...	<u>£902,209,158</u>

In the past ten years the country has thus expended a sum of £1,440,833,126, in contrast with £902,209,158 in the previous ten years, a difference of no less than £538,000,000, or nearly 60 per cent.

These figures are more eloquent than any comment of mine.

Prejudicial Effect on National Income.

Expenditure such as this was bound to seriously affect our capital fund and our savings, but this is not all! With the figures I have just mentioned our expenditure is not by any means fully stated.

In the past ten years an additional extraordinary expenditure of about £45,000,000 has, on balance, been charged to capital, chiefly for unproductive works, whereas in the previous ten years all expenditure other than about £3,000,000 has been charged to revenue.

The national expenditure has in the past ten years exceeded that of the previous decade by about £581,000,000.

Under these circumstances it was naturally impossible for normal capital accumulations to take place. Moreover, it is clear that this great increase of expenditure, which has been mainly unproductive, has reduced the income to the nation, because had this vast amount of money, or part of it, been invested in reproductive work, the nation would have derived some income therefrom.

Reproductive Outlays.

Portions of these expenditures have been incurred for the Post Office, the telegraphs and the steam packet service. To ascertain

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the growth of the expenditure for what may be termed unproductive purposes it is necessary to eliminate these reproductive outlays.

Outlays not Reproductive.

In the decade ended with March, 1886, the net expenditure for purposes not reproductive was £728,000,000. In the ten years ended 1896 it was only £754,000,000. In the past ten years it was no less than £1,291,000,000. In other words, whereas in the 1886-96 decade the growth was only 3.6 per cent. compared with the previous decade, in the ten years which will terminate on March 31st, 1906, the increase of unproductive expenditure will be no less than 71 per cent. compared with the previous decade.

We must, of course, remember that a good part of this huge expenditure has been caused by the war. But even if we deduct war expenditure, which amounts to about £220,000,000 excluding interest on debt, the growth in the normal expenditure for the past ten years will be still over £300,000,000, or about 45 per cent. in comparison with the previous ten years.

We are not here concerned with the question whether this huge expenditure was justified or not, but I only want to point to the fact, already stated, that these enormous outlays have very seriously encroached upon the income which the nation would have received had these monies been invested in reproductive works.

At 5 per cent. interest, the annual loss at simple interest would be £26,000,000 per annum, and were allowance made for a normal growth in expenses, arising from increased population and additional expenditure upon education, the net loss of income to the nation from the excessive growth of the national expenditure is about £24,000,000. per annum.

Other Expenditure.

But this is not nearly the whole story. The loss of income per annum is much greater, for in addition to the Government expenditure, both municipalities and individuals have incurred very large expenditure which have swelled those figures considerably.

I shall presently deal with some indications of individual expenditure and extravagance.

Figures of Municipal Expenditure.

As regards municipal expenditure I will only quote one or two figures. For the last ten years, up to 1905-6, the aggregate expenditure, capital and income, has been approximately

£1,270,000,000, compared to £737,000,000 in the previous ten years.

Effect on Trade Balance.

Therefore, this country's national and municipal outlay has reached the enormous total of £2,710,000,000 in the last ten years, compared to £1,639,000,000 in the previous decade. The consequence of this general extravagance, which I ventured to point out a year ago, has been that our imports have been very largely increased, while our exports have remained relatively stationary. The result has been that the balance of our imports over our exports has more than doubled since the later eighties.

I do not think we need go to our fiscal system, or find any other scapegoat, for this state of things.

The reason seems to me perfectly obvious.

We have been spending too much money.

To use a well-known expression, we have been burning the candle at both ends.

Country's Action compared to that of Individual.

To make this clear, let us again compare the country's action with that of the individual.

A man who has a large income, and who spends it all in enjoying himself, that is, who invests his money unproductively, will have no savings available for investments.

The same is true of a nation.

We have spent a great part of our money upon our Army and Navy; upon beautifying our towns and our houses; upon eating and drinking; and upon luxuries generally. Consequently, we have had very little margin available for investment in the colonies and in foreign countries. Let us now examine the effects of this extravagance on our trade.

How is Capital Exported?

We all know that exports of capital from this country take place in two ways.

Firstly, capital is sent away by exporting British goods and produce; and, secondly, capital is sent out by reducing our purchases of foreign goods and produce; or, to express it a little more circumstantially, foreign nations which owe us interest, dividends, commissions, etc., send us, in the ordinary course of events, produce to pay for these items, but it also happens that they retain at home for themselves a larger portion of their produce than

really belongs to them, and they do so by borrowing in this country the money they need for interest, commissions, freights, etc.

In the decades before the present, that is in the sixties, seventies, and eighties, the quantity of capital invested in foreign countries by Great Britain was very large.

Estimate of Foreign Investments.

It is, of course, difficult to give exact figures for these periods, but we have certain data which enable us to form a fairly good opinion of the effect on our foreign trade balance of our exports of capital in the eighties, and by its relative absence in the nineties. The Income Tax Returns furnish these data, and show the amount of our income from certain sections of our foreign investments in the two periods, but these statements by the Inland Revenue Commissioners showing the income from colonial and foreign investments are not complete, as they do not include a very large amount of income received by companies, bankers and firms from their foreign agents and branches.

For all that, the Inland Revenue Commissioners' statements are instructive; they show the annual income from our Indian, colonial, and foreign investments, in periods of ten years, from 1880-1 to 1900-1. Our income from certain of our colonial and foreign investments were:—

					Annual Income.
1900-1	...	...	...	...	£60,331,000
1890-1	...	...	...	...	55,488,000
1880-1	...	...	...	...	29,951,000

Capitalized at twenty years' purchase the amount of investments represented by the above would be £598,000,000 in 1880-1, £1,110,000,000 in 1890-1, and £1,206,000,000 in 1900-1. That is to say, in the ten years from 1881 to 1891 we have invested a sum of £512,000,000 (taking only the Inland Revenue Commissioners' figures) whereas in the ten years to 1901 we only invested £96,000,000. Some small portion of the apparent increase in our income from foreign investments in the eighties was due to the greater care taken by the Inland Revenue Commissioners to earmark the various sources of income assessed to Income Tax. But these figures do not by any means represent our total investments. It is, of course, very difficult, if not impossible, to estimate the capital invested abroad, but I do not think it is in any way reckless to say that in the eighties decade this country invested abroad over £600,000,000, or at the rate of £60,000,000

a year; and in the nineties £250,000,000, or at the rate of £25,000,000 a year.

Explanation of Changes in Balance of Trade.

These figures give a natural explanation of the great changes in the balance of trade in these two periods. In the eighties decade the average excess of imports over exports was about £98,000,000 per annum. In the nineties this average excess amounted to £148,000,000 per annum.

If we allow for the investment of about £60,000,000 per annum of capital abroad during the eighties, we arrive at a nett excess of imports over exports of about £158,000,000. Similarly, if we allow for the investment abroad of £25,000,000 per annum in the nineties, we arrive at an excess of imports over exports in that period of about £173,000,000. The increase of £15,000,000 is accounted for by the additional interest on our foreign investments in the past ten years compared with the previous ten years.

No Fresh Capital Investments Abroad of Late.

These capital investments abroad have, of late years, practically stopped altogether, because we have spent all our money at home. Our exports, therefore, have been relatively small, and our imports have increased. The excess of imports over exports in 1903 reached the enormous total of £183,000,000, compared to £81,000,000 in the later eighties. It will be seen, therefore, that the large excess of imports over exports in recent years is due, not so much, if at all, to our fiscal policy, but to great extravagance, and to the comparatively small amount of savings devoted to investments in foreign and colonial securities. It is here that reform should come in, for the comparative absence of reproductive savings available for investment in our colonies, in India, and elsewhere is a very serious factor in the situation, and cannot be too clearly recognized.

Importance of Foreign Investments for our Maintenance.

Our population increases about 1 per cent. per annum, that is about 10 per cent. in ten years, and our ability to maintain this growing population depends to some extent on the income from our reproductive savings, of which our foreign and colonial savings form so important a portion.

I do not think we realize sufficiently the importance of our colonial and foreign investments or the great part they have played in bringing about the great prosperity of this country.

We could not maintain a population of about 43,000,000 of people in the comfort in which they now live were it not for our colonial and foreign investments. Now what do these investments do for us? In the first place they give much employment to our working classes. The capital we invest in colonies and in foreign countries is largely sent in the form of British produce, rails, bridges, and rolling-stock for the railways we build abroad, clothes for the workmen to wear, often, food for them to eat. If we do not send out goods directly to the countries in which we are investing money, we do so indirectly. The capital we have invested in foreign countries at the present has been estimated at about £2,500,000,000. This estimate seems conservative if we bear in mind the figures given by Sir Robert Giffen in 1889, in his book "The Growth of Capital." Of this sum we have invested in the last half a century about £2,000,000,000. It is further estimated that of this sum probably £1,500,000,000 has been sent out in the form of British exports, and the remaining £500,000,000 has probably been sent in the form of imports, which but for our exports of capital would have come to us. In other words, over the past fifty years about £30,000,000 per annum of our exports have been sent out because we have employed capital abroad. This sum has been sufficient to pay £100 per annum to 300,000 persons for fifty years. But beyond this we are receiving an income from our foreign investments of upwards of £110,000,000 per annum, which is equal to an income of £100 a year to 1,110,000 persons. Therefore the investment of our capital abroad and the income we receive are maintaining about 1,500,000 wage-earners, and, including their families, about 7,000,000 of our people.

Encouragement of Thrift the Government's Duty.

If these facts are realized, the Government should make it their first duty to encourage thrift in every possible way, and should be the first themselves to give an example in this direction.

Preparedness for Commercial Struggle.

Great stress is rightly laid on the importance of having an efficient Army and Navy. Very large sums have been expended, and the country has not grudged any outlay that it has been asked to make to ensure this most desirable object. We only hope that we have got value for our money. It should not be forgotten, however, that in order to be successful we should be equally prepared for the great commercial struggle which we are engaged in. We should be alive to the fact that commerce, in order to be successful and progressive, requires adequate capital and reserves just as much as the Navy wants battleships, or the Army wants guns, and both want competent leadership.

The finance of the country should therefore be so conducted that English sovereigns or their equivalent should be available for employment in any direction at any time that trade requires them to go.

To you, bankers of the City of London, I need not affirm that in recent years we have not had that adequate supply of capital which in the past so greatly assisted the development of our export trade to our colonies and to foreign countries. On the other hand, the Continent and the United States have taken advantage of our extravagance to export capital to the new countries—Canada, South Africa, South America, China, Cuba, the Philippines, and elsewhere—and have, in consequence, enjoyed a much larger share of the trade of these countries than they could possibly have secured had we been as thrifty as of yore. Our extravagance was their opportunity.

General Principles.

Whether we run our own business or a railway, or a bank, a hospital, a municipality, or a government, the same economic principles apply. These great guiding principles should be kept steadily in view.

Have Interests of Trade been Protected?

Let us now examine whether the interests of trade have been of late sufficiently safeguarded in other directions. The part this country has played for a long time, and should play for a long time, is that of banker. It is in this capacity of bankers of the world that this country has achieved such great things, due to the international character of our trade. Our national welfare depends on the maintenance of this position.

Banking Funds should be Reserved for Trade.

It need not be here explained that the funds in the hands of bankers form the floating capital of the occasional balances which are required to finance the temporary requirements of the country, as against its permanent needs. These funds should always be at the disposal of trade, commerce, and finance, and any action that tends to divert them to other channels should be considered, from the trade point of view, an unfriendly action; such action is inimical to trade. Trade resents it, and must, of necessity, feel it.

Policy has been Antagonistic to Trade.

But what have we witnessed during the last three or four years!

Treasury Bills.

Since the beginning of the war the Chancellor of the Exchequer has issued a very large amount of Treasury Bills and other forms of floating debt, which, at one time and another, reached the large sum of £35,000,000. Such an amount naturally absorbed what should have been at the disposal of the banking funds, and it interfered with the facilities which bankers are expected and accustomed to grant to private customers, whose prosperity is intimately bound up with active trade.

Instead of assisting trade, therefore, the Government, by pursuing a policy which necessitates the issue of such a large amount of Treasury Bills, is actually competing with the traders, and absorbing the bank balances which should go to finance trade. Surely this cannot be right; but apart from the policy of the thing, the issue *per se* of Treasury Bills for an indefinite period is, to use a Parliamentary expression, "entirely out of order."

Treasury Bills are a makeshift. They should be resorted to only for financing a portion of the country's expenditure for a few months, until the bulk of the revenue comes in in the March quarter.

There does not seem to exist any justification whatever to have outstanding year after year, at the close of March, that is, at the time when all the revenue has been received, a sum of £21,000,000 or more of Treasury Bills. The Government, by allowing this large floating debt to exist at a time when it should not exist, become thereby active competitors to trade, because, as I have shown, they drain away into other channels money which should flow into those of trade.

Floating Debt and its Dangers.

A floating debt is like a floating mine, for, as the latter may become a menace to, and have a very disturbing effect on shipping, so does a floating debt constitute a real danger to the Treasury, for should the country be suddenly confronted with some trouble, such large floating debt would paralyze in a great measure the assistance that bankers could render to the Treasury.

But there is another risk, and a very real risk, arising from such a position, and one to which we were exposed during and after the war. A very large amount of Consols and short obligations, including a large amount of Treasury Bills, were held on the Continent. At one time they reached, according to reliable estimates, £80,000,000 sterling. The weakness of such a situation is manifest, and in case of foreign complications might have become positively dangerous.

Here then are two instances where the citadel of commerce has not been properly defended, and where its bodyguard, that is, an ample supply of cash, was not available.

Extraordinary Budget.

But there is one other point that should be mentioned in this connection, and to which I have already referred at the beginning of my address.

In recent years, the ordinary Budget has been supplemented by an extraordinary Budget, that is, a Budget containing expenditures which are provided for out of capital. In the past year these expenditures have amounted to £8,114,000, and to complete the works an additional sum of over £25,000,000 has yet to be borrowed.

This capital expenditure, as has been pointed out by the *Economist* and the *Statist*, means nothing less than that the sinking funds provided for the redemption of debt have not been used for that purpose at all, but have in reality, in recent years, been used for providing expenditure upon naval and military works, etc.

The continuance of these capital outlays, if they are financed by fresh borrowings, will prevent any reduction of the debt of the country for several years.

Before examining how these enormous outlays have been and are being met by fresh taxation, allow me to recapitulate the conclusions reached so far.

Conclusions Reached.

They are, firstly, that general extravagance has affected the annual additions to the capital fund of the nation, has curtailed, and is now curtailing trade. Secondly, the lack of capital available for investment in colonial and foreign countries has had the effect of doubling the excess of imports compared to exports. Thirdly, the large amount of Treasury Bills has further injured trade. Fourthly, extraordinary Budgets have been allowed to exist and nullify the beneficial action of the Sinking Fund in reducing the National Debt, which, in reality, has not been reduced at all since the war.

It speaks for the vitality of British trade that it has not suffered greater injury from these regrettable conditions than it has, conditions which are due to what I believe to be a mistaken diagnosis of the case.

Past Taxation does not show Recognition of Evils.

We have been drifting along without recognising the evils that beset us. This will become more evident if we look at the way

in which the large expenditure of the country has been provided for by new taxation. Here, too, it will be seen that the importance of encouraging thrift and checking extravagance has been entirely lost sight of.

Enormous Rise of Income Tax.

In the ten years from 1885 to 1895 £143,000,000 were raised from Income Tax to cover national expenditure. In the past ten years no less than £264,000,000 were raised in this manner, an increase of 86 per cent. There cannot be any doubt whatever that so large a sum of Income Tax taken out of the pockets of the people, has surely affected the growth of the capital fund, that standing army upon which the nation's safety and prosperity so largely depends. Not political expediency or passing popularity, but the true and permanent interests of the country should inspire the framers of Budgets.

Luxuries should be Taxed.

One should have thought that as we have been so extravagant, the wisest and most natural thing would have been to tax articles which constitute extravagance, that is, luxuries, in the first instance. A policy was, and is, needed, which tends to discourage spendthrifts. That this has not been done a few figures will show.

Spirits.

In 1896-7, when the expenditure of the country had not reached such huge proportions, the duty on spirits was 10s. 6d. per gallon. It is now only 11s. per gallon.

Although it is predicted in some quarters that a higher tax would yield no greater revenue, I venture to think that it would be worth trying.

"Wave of Sobriety" a "Fata Morgana."

Let me say here, in parentheses, that the "wave of sobriety" which the Chancellor of the Exchequer has discerned when watching the huge sea of drink consumed in this country, is like some *fata morgana*. If you come closer the seductive picture disappears from view. Figures are like dogs, you can make them do many tricks, and Talleyrand has said "Le chiffre c'est un grand mensonge."

Since 1896-7 there has been a very large increase in the annual consumption of spirits. The total amount of spirits consumed in recent years has been hidden in some measure by the enormous clearance of spirits out of bond when the war broke out, and the

then Chancellor of the Exchequer, by delaying his war Budget, gave the spirit merchants and consumers a splendid opportunity for several months to anticipate increased taxation.

I personally, therefore, do not much believe, and the figures do not prove, that the nation's sobriety is greater. Of the "wave of sobriety" only the froth remains.

But even if the Chancellor of the Exchequer's diagnosis were correct, an experiment should be made to try and get more money from the taxation of spirits, and should the "wave of sobriety" then be due to other causes than anticipatory clearances we shall all have reason to rejoice.

No Need to Anticipate Smaller Yield Yet.

But we can cross that river when we get there, and look out for some other taxation if spirits fail us.

I think we should all willingly forego the loss of taxes on spirits in exchange for greater efficiency and economy, due to more temperate habits. For the moment, however, it seems safe enough to count on a large income from spirits by higher taxation.

Tobacco.

When we come to tobacco, there seems no reason why this duty should not have been materially increased. The additions that have been made to the duty in recent years, immediately followed a corresponding reduction of tax in 1898, and on balance tobacco has borne no increase in duty in the last ten years. The vast growth in consumption of tobacco shows that a higher duty could have been borne without materially affecting a demand for this luxury.

Tea.

It is a little surprising that the one change in taxation which has been made this year is the reduction of 2d. on tea. Having regard to the finances of the country, there seemed every reason not to disturb this tax, all the more so as the Chancellor of the Exchequer is bemoaning the reduction in the drink traffic. Surely then this was not the time to reduce the tax on temperance articles.

Inhabited House Duty.

The absence of any increase in the Inhabited House Duty is also matter for surprise.

One of the most striking characteristics of the recent period of luxury has been the vast sums of money spent upon expensive

houses, and while I am the last to say anything in disparagement of fine houses, it must be nevertheless recognised that the enormous expenditures on the houses of the well-to-do do not altogether make for efficiency. Fine and richly appointed houses are a form of luxury, and should bring in their train a fair share of taxation to their occupiers.

In the ten years to 1895-6 the Inhabited House Duty realized the sum of £16,524,000, or £1,652,000 per annum.

In the past ten years of enormous private and national expenditure, the same duty has only brought in to the Exchequer £17,535,000, or £1,753,000 per annum.

This seems entirely inadequate in the present instance.

House Duty Part of Rental.

I need not remind you that no House Duty is levied upon houses of a less rental than £20, and this is perfectly right and proper. For these houses are no luxury, and every encouragement should be given to the building of these small houses.

Reduction of Income Tax.

It seems, however, that rather than let the Income Tax stand at such a high figure the Inhabited House Duty could have been materially increased without much hardship, and the principle of such change would have been sound and logical. It would have discouraged extravagance.

The Inhabited House Duty is considered as part of the rent, and its amount influences people in the choice of their homes. An increase would check directly the wasteful tendencies of many amongst us, for the rent and taxes are the basis of every household budget. Not so the Income Tax, which, as a rule, is paid out of savings, and comes, in most cases, as a disagreeable surprise.

The vast capital expenditure upon new houses in the past ten years (I forego to give you figures) could not have taken place had not our people become more extravagant and willing to spend a much larger annual sum in living in greater comfort and luxury.

Those who are able to pay an increased rental for their houses should also be easily able to make an increased contribution to the Exchequer to meet the enormous national expenditure.

Wrong Apportionment of Taxation.

To sum up the case, I have shown that the taxation has not, to any appreciable extent, been placed upon those who are in a

measure wasting their resources, and failing to add their quota to the capital fund of the country.

The microbe of extravagance has, therefore, pervaded Government, municipalities, and individuals.

The result has been that the growth of the capital fund of the nation is unsatisfactory, and the banking funds at the service of trade are inadequate for the extravagance, on the other hand, has not been checked.

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is Checked Trade.

Our financial policy, more, is responsible to a great extent for the check has received owing to the scarcity of capital, and our policy will be in a large measure responsible for the reduction in the income of the nation in the future in proportion to the population, in consequence of an inadequate portion of our capital funds having in recent years been placed in reproductive enterprises.

It would be interesting to obtain data to compare the expenditure of the United Kingdom and of other countries, but it is hardly possible to make such comparisons. As far as I have been able to ascertain, I believe that we are spending more per head of population than any other great nation with the exception of France.

It would seem that recently our expenditure has grown more rapidly both in proportion to population and in proportion to wealth than that of our chief trade competitors.

Here is a table which shows how our expenditure has increased.

Year.	Population.	National Expenditure.	Per head of Population.
1905-6	43,200,000	142,032,000	£ 3 7
1895-6	39,598,000	97,764,000	2 5
1885-6	36,014,000	88,773,000 (a)	2 5
1875-6	33,093,000	74,865,000	2 2
1865-6	29,768,000	63,785,000	2
Growth	+13,432,000	+78,247,000	+1
Do. %	+45.1 %	+122.7 %	+53.

It is very instructive in order to realize how this increased expenditure has affected trade to take one example, the railways, and compare the sums paid by them for rates and taxes. In 1875 the rates and taxes paid by our railways represented about 2 per

cent. of their gross earnings; in 1890 they were still only 2.81 per cent.; but in 1904 they were 4.23 per cent., and this year will be much higher still.

Railway Rates and Taxes.

Year.	The Income Tax, 1890-1904	Rates and Taxes.	Per Cent. of Gross Receipts.
	£ 652,000		
	Normous		
	only brot		
1904	annum.	£ 4,736,000	4.23
1903	106,000	4,688,000	4.04
1902	104,802	4,640,000	3.86
1901	104,802	4,592,000	3.73
1900	104,802	4,544,000	3.58
1890	79,949,000	2,251,000	2.81
1880	65,492,000	1,574,000	2.40
1870	45,078,000	927,000	2.05
Growth	+66,750,000	+3,809,000	+2.08
Do.	+148 %	+419 %	+101%

(a) Exclusive of £9,451,000 for special naval and military operations, and inclusive of ordinary sinking fund appropriations.

If we compare the proportion of rates and taxes to the net receipts the result is still more striking, and that statement is of real importance as, in proportion as the rates and taxes grow, the remuneration to capital is reduced, and the capital value of the property of this country is lowered.

Railway Rates and Taxes.

Year.	Net Receipts before Payment of Rates and Taxes.	Rates and Taxes.	Per Cent. of Net Receipts.
	£	£	%
1904	47,375,000	4,736,000	10.00
1903	46,834,000	4,488,000	9.58
1902	45,857,000	4,228,000	9.22
1901	43,049,000	3,980,000	9.25
1900	43,815,000	3,757,000	8.58
1890	39,011,000	2,251,000	5.77
1880	33,465,000	1,574,000	4.70
1870	24,290,000	927,000	3.82

In 1870 less than 4 per cent. of railway net receipts were needed to meet the rates and taxes. In 1890 about 5½ per cent. was required; but in 1904 not less than 10 per cent. of the net receipts

of our railways were absorbed in this manner. Had the rates and taxes on our railways grown from 1890 only in proportion to the large expansion in their gross receipts they would now be obtaining nearly £1,600,000 more additional profit, and on the basis of twenty-five years' purchase their capital value would be £40,000,000 greater than it is under existing conditions. It must be remembered that the rates and taxes of our railways do not include the very large sums which the proprietors of the railways pay into the national Exchequer as Income Tax upon the interest and dividends they receive. Were Income Tax included, the proportion of rates and taxes to the net receipts of our railways would be nearly 15 per cent. I only give this as a typical instance. Other traders of the country are in a similar position, and the tables I have read prove that the growth in rates and taxes handicaps trade, and this at a time when our traders and our railways are endeavouring to reduce cost of production by introducing improved appliances and methods.

It is therefore essential that these efforts of the traders and of our railways, which are necessary in order to keep pace with the competitors of other countries, should be seconded by the Government by refraining from abnormal and wasteful expenditures.

Co-ordination of Expenditure.

The simultaneous spending of large sums by the State and by municipalities is much to be regretted, and if a way could be found to in some measure co-ordinate these two spending departments, instead of both acting independently from one another, a great and useful reform would be inaugurated.

A material improvement would doubtless take place if some things done by localities with the aid of the State were done outright by the central Government.

The *Spectator*, in a very thoughtful article, advocated the other day that both the maintenance of the highways and education should be done by the State. From the point of view of sound finance, if for no other reason, such a policy cannot be too strongly urged, especially as regards education.

Future Expenditure—No Decrease.

Looking now at the future expenditure, there are, so far, no signs of much reduction for the Budget of 1905-6 provides for a national expenditure of £142,000,000.

False Optimism.

It is urged in some quarters that the indebtedness of this country is not greater than it was forty years ago, and that, there-

fore, we need not be alarmed. This seems a superficial view to take, for the conditions of forty years ago are not applicable to present times. While England then had almost a monopoly of trade, it has to-day to encounter the competition of most powerful, highly-educated, and well-organized nations, such as the United States, Germany, and Japan.

Great Britain, therefore, cannot be strong enough financially in this great struggle for the commerce of the world.

This huge expenditure, unless checked in time, will continue, and probably increase, for annual expenditures have a way of increasing, as we all know.

Is Large Expenditure Necessary?

The question, therefore, is whether such huge expenditure is necessary, and whether we get value for the money spent so lavishly.

If we look at the statement of national expenditure for 1905-6, as compared with 1895-6, the increases are very startling.

The Army expenditure has increased by 61.5 per cent., the Navy by 69.3 per cent., Education by 62.2 per cent., other Civil Services by 26.8 per cent., cost of collection of Customs by 7.6 per cent., of Inland Revenue 21.4 per cent., Post Office 52.7 per cent., Telegraph Service 73.9 per cent., total expenditure by 45.3 per cent.

Extraordinary Budget Should Cease.

I have before referred to the practice of having an extraordinary Budget. Miscellaneous extraordinary expenditure should not come out of capital, but should be charged to revenue, so that the Sinking Funds become effective again. The practice is altogether indefensible, and no well-managed commercial house would consider itself justified in creating an account of this character.

Why should a State act differently from any commercial concern that is conducted on sound lines? If these extra expenditures for unproductive purposes are absolutely necessary, the country should be told, and the Government of the day should come forward boldly and raise taxation accordingly. It is all the more necessary because, if we look at our National Debt, the war, combined with the creation of debt for miscellaneous purposes, has destroyed all the advantages derived from the previous thirty years' Sinking Fund payments and debt redemption.

Government Debt.

The Debt in 1866 was about £800,000,000, and so it is to-day.

In the short space of six years there has been created about £161,000,000 of debt, which was about the amount reduced by the action of the Sinking Funds in the previous thirty-three years; and, in the past year, the Debt has been actually increased by over £2,000,000. This cannot be too clearly stated, because some erroneous impression seems to exist.

Reorganization of Finances Imperative.

Under the circumstances which I have ventured to describe, it seems obvious that a reorganization of the finances of the country is imperative, and if we recognize that extravagance has been at the bottom of the present unsatisfactory situation, the guiding principle of such reorganization should be to check extravagance by higher taxation of luxuries to diminish our debt, and to reduce our expenditure.

Reduction of Expenditure in Services.

We have it on the authority of the Secretary of State for War and of the late First Lord of the Admiralty, that economies can be introduced into both naval and military expenditure.

If we could reduce our Army and Navy expenditure by, say, £5,000,000 a year without impairing their efficiency, this would materially assist the carrying through of such a policy. Such a reduction would make it possible to pay the naval and military works now under construction out of revenue, without increasing taxation to any great extent, and without creating fresh debt. This would set the Sinking Fund free to redeem debt of about £8,000,000 per annum, and the effect would soon be felt.

Commissions to Investigate whether we get Value for our Money.

Competent Commissions should be appointed to deal with the outlays upon Army, Navy, Education, Telegraph Service, etc. It is to be hoped that, as extravagance has been the order of the day, important economies could be, without impairing efficiency, resorted to. Education is as important to the welfare of the nation as the strength of our defences, but let us be sure that the outlays raise the standard of education. Only then are they a profitable investment.

The Telegraph Service now shows a loss of £700,000 per annum. Surely there must be some remedy against the continuance of this loss, and it should be easy to obviate it. If the Government finds that it does not charge enough for telegrams, they could easily increase the charge, and it is hardly likely that the public, if they had to pay 7d. instead of 6d. for a telegram, would use the telegraph less than they do to-day.

No Material Reduction of Taxes to be Expected Soon.

It is clear, from what I have ventured to say, that, for some years to come, no material reduction of taxation can be looked forward to, but the incidence of taxation should be changed to some extent.

Reduction and Graduation of Income Tax.

The Income Tax should be reduced as soon as possible. It is, as I have pointed out before, as a rule paid out of the year's savings, and therefore comes from the fund available for savings accruing to capital, and this capital fund should be kept for emergencies.

The Income Tax is a war tax, and a certain reserve of this tax should always be kept.

The Income Tax, as now imposed, provides for a graduation up to £700 per annum, but beyond £700 there is no graduation, and the professional man, with many claims, is charged as heavily in proportion as the wealthy man enjoying an income far in excess of his needs.

It seems to me, therefore, quite fair that the graduation should be carried further, by reducing the tax on income in excess of £2,000 from 1s. to 10d., by reducing those between £1,000 and £2,000 to 9d., and by reducing those under £1,000 to 8d. in the £.

By this proposal a graduated tax would then be provided for incomes up to £2,000.

I have already indicated that the taxes on spirits and on tobacco could easily be raised without impairing the efficiency of the nation, in fact, raising them would probably have a beneficial effect. The same refers to the Inhabited House Duty.

Summing Up.

In summing up, the conclusions reached from what I am afraid is only a very superficial survey of our financial position, are:—

First, that economies should be effected in the existing expenditure large enough to allow of extraordinary capital expenditure being made out of revenue. These extraordinary capital expenditures at the moment are at the rate of £7,000,000 to £9,000,000 a year.

It may not be possible to effect economies of £8,000,000, but it is to be hoped to reduce this capital expenditure from £8,000,000 to £5,000,000, and thereby enable these capital outlays to be made by the economies effected in ordinary expenditure.

Second, that the Income Tax should be reduced and additional duties be put on tobacco, spirits, and inhabited houses.

Third, that the floating debt should be funded or paid off out of the Transvaal indemnity, if that is received, in order that, at the end of each fiscal year there should be no Treasury Bills outstanding to be carried through the next year, so that, by this means, the bankers' fund might be free to finance trade.

The result of such a policy would be that there would be no further extraordinary expenditure paid out of capital, that the Sinking Fund would be made effective, that the National Debt to the extent of £8,500,000 per annum would be redeemed, that the credit of the country would be speedily raised, that a larger amount of money would be available for trade, and the savings of the nation would be protected; whilst extravagance, through additional taxation of luxuries, would be checked. In three or four years, when the extraordinary expenditures are completed, expenditure would be reduced £5,000,000 and £5,000,000 of taxation would be repealed.

This policy is so obviously in the interest of the nation, that I cannot but think that the views on which it is based are shared by many people who have watched with some anxiety the course events have lately been taking.

With proper guidance, there cannot be any doubt that the splendid and unequalled qualities and opportunities of the British people are bound to triumph, but let us recognize that mistakes have been made, and that the time has arrived to repair them.

In conclusion, permit me to quote the wise words of Lord Bacon, which seem to me singularly appropriate in this instance :

“Men seem neither to understand their riches nor their strength; of the former they believe greater things than they should; of the latter much less. Self-reliance and self-denial will teach a man to drink out of his own cistern and eat his own sweet bread, and to learn and labour truly to get his living and carefully to expend the good things committed to his trust.”

APPENDIX A.

Home Consumption of Spirits.

—	Gallons.	—	Gallons.
1903-4	42,168,021	1893	37,691,473
1902-3	43,815,748	1892	39,467,281
1901-2	42,049,073	1891	39,131,034
1900-1	45,360,826*	1890	38,374,637
1899-00	48,020,896*	1889	35,791,196
1898-9	42,462,024	1888	34,138,185
1897-8	41,143,876	1887	34,100,799
1896-7	40,413,800	1886	34,124,907
1895-6	39,125,782	1885	34,515,763
1894-5	36,997,680	1884	36,120,393
Total	421,062,726	Total	363,455,668

* Anticipatory clearances.

The average annual consumption of spirits in the past ten years and the average annual consumption in the ten years to 1894 have thus been as follows :—

	Gallons.
Average 1894-5 to 1903-4	42,106,272
Do. 1884 to 1893	36,345,567
Increase	5,760,705
Do. %	15.8 %

The growth in population is less than 1 % per annum, or about 10 % per decade.

APPENDIX B.

Consumption of Tobacco.—Ten years 1894 to 1903.

—	Manufactured.	Unmanufactured.	Total.
	lbs.	lbs.	lbs.
1903	2,834,719	79,048,808	81,883,527
1902	3,207,262	77,475,143	80,682,405
1901	3,411,867	74,990,215	78,402,082
1900	3,269,601	76,815,322	80,084,923
1899	3,661,403	73,032,064	76,693,467
1898	3,422,543	70,108,751	73,531,294
1897	3,354,485	66,479,217	69,833,702
1896	3,440,538	64,675,183	68,115,731
1895	2,911,197	62,300,282	65,211,479
1894	2,750,357	61,712,187	64,462,544
Total... ..	32,263,972	706,637,172	738,901,144

NOTE.—The Board of Trade Returns show that the consumption of tobacco in 1904 was over 2,000,000 lbs. greater than in 1903.

Ten years 1884 to 1893.

—	Manufactured.	Unmanufactured.	Total.
	lbs.	lbs.	lbs.
1893	2,490,417	59,986,608	62,477,020
1892	2,522,200	60,042,680	62,564,880
1891	2,328,558	58,595,920	60,924,478
1890	2,299,292	55,837,672	58,136,964
1889	2,330,656	53,679,550	56,010,206
1888	2,136,191	52,302,572	54,438,763
1887	1,924,062	51,810,245	53,734,307
1886	1,863,377	50,421,903	52,285,280
1885	1,726,926	50,789,211	52,516,137
1884	1,530,183	50,132,723	51,662,906
Total... ..	21,151,862	543,099,079	564,250,941

The average annual consumption in the past ten years and in the previous ten years is as follows:—

—	Manufactured.	Unmanufactured.	Total.
	lbs.	lbs.	lbs.
Average 1894-1903 ...	3,226,397	70,663,717	73,890,114
Do. 1884-1893 ...	2,115,186	54,309,908	56,425,094
Increase	1,111,211	16,353,809	17,465,020
Do. per cent.	52.3 %	30.1 %	30.9 %

APPENDIX C,

*Annual Value of Private Dwelling Houses.
Charged to Inhabited House Duty.*

1902-3	...	...	...	...	...	...	...	£58,782,522
1892-3	...	...	...	...	...	...	...	45,421,766
Increase								13,360,756
Do. % nearly								30 %

At twenty years' purchase of their annual rental, the capital value of private dwelling houses in the two years compares as follows:—

1902-3	...	...	...	...	...	...	...	£1,175,650,440
1892-3	...	...	...	...	...	...	...	908,435,320
Increase								267,215,120
Do. % nearly								30 %

The annual values of all property assessed to inhabited house duty in the two years have been as follows:—

1902-3	...	...	...	...	...	...	...	£85,083,652
1892-3	...	...	...	...	...	...	...	65,930,971
Increase								19,152,681
Do. %								29 %

At twenty years' purchase the capital value of these houses in the two years compares as follows:—

Capital Value of all Houses Charged with House Duty.

1902-3	...	...	...	...	...	...	...	£1,701,673,040
1892-3	...	...	...	...	...	...	...	1,318,619,420
Increase								383,053,620
Do. %								29 %

APPENDIX D.

Annual Value of Houses according to the gross amount of Income assessed to Income Tax.

—								Annual Income.	Estimated Capital Value at 20 years' Purchase.
								£	£
1902-3	...	...	...	...	...	...	...	188,505,000	3,770,100,000
1892-3	...	...	...	...	...	...	...	144,978,000	2,899,560,000
Increase								43,527,000	870,540,000
Do. %								30 %	30 %
1892-3	...	...	...	...	...	...	...	144,978,000	2,899,560,000
1882-3	...	...	...	...	...	...	...	124,728,000	2,491,560,000
Increase								20,250,000	408,000,000
Do. %								16.2 %	16.2 %

APPENDIX E.

The National Expenditure, 1905-6 and 1895-6.

	Budget Estimate, 1905-6.	Actual, 1895-6.	Increase.	
	£	£	£	%
NATIONAL DEBT SERVICE—				
Interest and Management	19,572,000	17,861,174	1,710,826	9·6
Sinking Fund	8,428,000	7,138,826	1,289,174	18·0
Total	28,000,000	25,000,000	3,000,000	12·0
Other Consolidated Fund Services	1,620,000	1,601,000	19,000	1·2
Total	29,620,000	26,601,000	3,019,000	11·3
LOCAL TAXATION ACCOUNT—				
Payments to Local Taxation Account charged to Consolidated Fund...	1,160,000 ^a	Nil	1,160,000	—
DEFENSIVE SERVICES—				
Army	29,813,000 ^b	18,460,000	11,353,000	61·5
Navy	33,389,000	19,724,000	13,665,000	69·3
Total Defence	63,202,000	38,184,000	25,018,000	65·5
CIVIL SERVICE—				
Education	16,064,000	9,901,000	6,163,000	62·2
Other	12,550,000	9,899,000	2,651,000	26·8
Total Civil Service...	28,614,000	19,800,000	8,814,000	44·5
COST OF COLLECTION—				
Customs	925,000	860,000	65,000	7·6
Inland Revenue	2,236,000	1,842,000	394,000	21·4
Total unproductive expenditure	125,757,000	87,287,000	38,470,000	44·0
REPRODUCTIVE SERVICES—				
Post Office	10,721,000	7,018,000	3,703,000	52·7
Telegraphic Services ...	4,772,000	2,744,000	2,028,000	73·9
Packet Service	782,000	715,000	67,000	9·3
Total productive Services	16,275,000	10,477,000	5,798,000	55·3
Total expenditure ...	142,082,000	97,764,000	44,268,000	45·3

^a. Chiefly grants to Ireland.^b. Includes a charge of £1,213,000 for re-armament of Horse and Field Artillery.

APPENDIX F.

The National Revenue.

—	Estimated 1905-6.	1904-5.	1895-6.	Increase or Decrease. 9 Years.
	£	£	£	£
Customs... ..	34,050,000 ^b	35,730,000	20,756,000	+14,974,000
Excise	30,200,000	30,750,000	26,800,000	+ 3,950,000
Estate, etc., Duties ...	13,000,000	12,350,000	11,600,000	+ 750,000
Stamps	8,000,000	7,700,000	7,350,000	+ 350,000
Land Tax	750,000	750,000	1,015,000	— 265,000
Inhabited House Duty	1,950,000	2,000,000	1,495,000	+ 505,000
Property & Income Tax	31,000,000	31,250,000	16,100,000	+15,150,000
Receipts from Taxes ...	118,950,000	120,530,000	85,116,000	+35,414,000
Post Office	16,500,000	16,100,000	11,380,000	+ 4,720,000
Telegraph Service ...	4,050,000	3,830,000	2,840,000	+ 990,000
Crown Lands	470,000	470,000	415,000	+ 55,000
Suez Canal, etc.	1,034,000	1,014,000	690,000	+ 324,000
Miscellaneous	1,450,000	1,426,000	1,533,000	— 107,000
Total Revenue	142,454,000 ^b	143,370,000	101,974,000	+41,396,000 ^a

a. Of this increase about £25,700,000 arose from increased taxation and about £16,700,000 to the growth of revenue.

b. Tea Duty amounting to £1,550,000 remitted.

APPENDIX G.

(Extraordinary) Capital Expenditure.

—	Sums expended to 31st March, 1905.	Sums to be expended.	Authorised total estimated expenditure.
	£	£	£
Under—			
Telegraph Acts, 1892-1904 ...	5,000,000	2,300,000	7,300,000
Naval Works Acts, 1895-1903...	20,221,000	11,420,000	31,641,000
Uganda Railway Acts, 1896- 1902	5,504,000	26,000	5,530,000
Military Works Acts, 1897-1901	13,723,000	7,087,000	20,810,000
Land Registry (New Buildings Act), 1900	187,000	78,000	265,000
Pacific Cable Act, 1901	1,999,935	65	2,000,000
Public Building Expenses Act, 1903	310,000	1,480,000	1,790,000
Public Offices (Dublin) Site Act, 1903	47,000	178,000	225,000
Cunard Agreement, 1904	29,000	2,571,000	2,600,000
Total... ..	£47,021,000	25,140,000†	72,161,000

Of this sum £9,000,000 is to be expended in 1905-6. This will leave a balance of £16,140,000 to be expended after March, 1906.

APPENDIX H.

Miscellaneous Debt for Naval and Military Works, etc.

1907-8	Estimate	...	£61,000,000	1897-8	Actual	...	£3,747,000
1906-7	"	...	55,000,000	1896-7	"	...	4,048,000
1905-6	"	...	49,000,000	1895-6	"	...	3,980,000
1904-5	Actual	...	41,664,000	1894-5	"	...	3,093,000
1903-4	"	...	33,868,000	1893-4	"	...	2,496,000
1902-3	"	...	27,570,000	1892-3	"	...	1,782,000
1901-2	"	...	20,200,000	1891-2	"	...	1,261,000
1900-1	"	...	14,464,000	1890-1	"	...	1,818,000
1899-00	"	...	9,989,000	1889-90	"	...	541,000*
1898-9	"	...	7,372,000	1888-9	"	...	361,000

* Russian Dutch Loan.

APPENDIX I.

British Debt.

Year ended March 31st.													Total Debt.
													£
1905	...	...	...	...	...	...	...	...	...	...	...	...	796,786,000
1904	...	...	...	...	...	...	...	...	...	...	...	...	794,498,100†
1903	...	...	...	...	...	...	...	...	...	...	...	...	798,349,190
1902	...	...	...	...	...	...	...	...	...	...	...	...	765,215,653
1901	...	...	...	...	...	...	...	...	...	...	...	...	703,934,349
1900	...	...	...	...	...	...	...	...	...	...	...	...	638,919,932
1899	...	...	...	...	...	...	...	...	...	...	...	...	635,393,734
1894	...	...	...	...	...	...	...	...	...	...	...	...	667,290,715
1884	...	...	...	...	...	...	...	...	...	...	...	...	722,908,886
1874	...	...	...	...	...	...	...	...	...	...	...	...	763,524,494
1870	...	...	...	...	...	...	...	...	...	...	...	...	786,117,727
1866	...	...	...	...	...	...	...	...	...	...	...	...	796,913,123

† This reduction was effected by means of the £6,000,000 repaid by the Transvaal.

APPENDIX K.

The position of the British Debt, 31st March, 1905 and 1904. (Official figures.)

	£	£	1905. £	1904. £	Increase or Decrease. £ s.
FUNDED DEBT...			635,688,000	637,633,319	— 1,950,000
UNFUNDED DEBT AND ANNUITIES—					
Terminable Annuities		47,755,000		51,363,458	— 3,508,000
War Stocks and Bonds, April 10th, 1910 ...		30,000,000		30,000,000	—
Exchequer Bonds, December 6th, 1905.		14,000,000		14,000,000	—
August 6th, 1907		6,500,000		6,500,000	—
Treasury Bills		21,133,000		21,133,000	—
DEBT CREATED TO MEET EXTRA- ORDINARY EX- PENSES—					
Annuities created for Naval and Military Works	35,664,000			31,868,323	+ 3,796,000
Exchequer Bonds created for Naval and Military Works, &c., October 14th, 1909 ...	6,000,000			Nil	+ 6,000,000
Ways and Means Advances ...	<u>Nil</u>			<u>2,000,000</u>	<u>— 2,000,000</u>
Total Debt created for Naval and Military Works, &c. ...		<u>41,664,000</u>		<u>33,868,323</u>	<u>+ 7,796,000</u>
Total Unfunded Debt			<u>161,053,000</u>	<u>156,864,781</u>	<u>+ 4,188,000</u>
TOTAL DEBT ...			<u>796,736,000</u>	<u>794,498,100</u>	<u>+ 2,238,000</u>

DISCUSSION ON MR. SPEYER'S PAPER.

THE PRESIDENT : The paper which we have just listened to with much pleasure embraces a question which is of the utmost importance to all bankers—as, I think, is evidenced by the large attendance we have to-night—and, I may say, is almost of equal importance to the community in general, for I feel sure that in the interests of this nation a curb should be put upon our extravagance, whether national, municipal, or personal, as I ventured once before to suggest in this room. The address which we have heard embraces, in some of its details, views upon which I quite understand there may be the possibility of some divergences of opinion, and, whilst inviting discussion by members, I hope they will pardon me for suggesting that I hope they will try to make their observations as concise as possible, for I know, not only many members are anxious to say something on what we have just heard, but also many others have engagements to keep and trains to catch.

MR. FELIX SCHUSTER : There appears to be some hesitation on the part of the audience to rise and take part in the discussion of this paper, or to raise discussion on it, a hesitation in which I confess I have shared to a very great extent. No doubt we shall be all unanimous on one point, and that is that our best thanks are due to the reader of the paper for the very interesting and suggestive address which he has placed before us, and for the very interesting figures which he has given us, figures which, as he himself observes, contain nothing new; but the novelty consists in the fact that they are placed before us in such a shape that they are at once intelligible, and that we can really gather what they imply and what they lead us to. I think on the general subject matter of the paper we are all agreed, but it is of the greatest importance that this question should be brought before the City and before the public generally in such a manner that it is not lost sight of. There is not the slightest doubt that extravagance has existed, and does exist, and that in spite of the lesson we have received through the war, and from other causes, it has not yet been checked, and the effect of that extravagance, as has been pointed out in the paper, is only too apparent in our national finances. For all that, personally, I am not inclined to take too gloomy a view of the situation. I think that gradually the lesson is being driven home. I am sure that the present Chancellor of the Exchequer and his predecessors have recognised the difficulty, but the remedy has not been an easy one to find. For municipalities, whom we bankers are accusing of extravagance, I think we should also find some apology, because I am afraid we were only too apt to let them have money on far too easy terms some

ten years ago. That has led them into extravagance. Now, when they find the door has been closed, that the overdrafts, which I am informed on credible authority, they have been in the habit of enjoying from imprudent bankers—that these overdrafts are being called in, I think that gradually it is coming home to them that this extravagance—as it has been—must be checked by mere force of circumstances. Let us recognise that they have something to show for all this expenditure. After all, during the last twenty years, when all this expenditure has been growing so fast, new industries have been created, have been called into existence, and municipalities, such as the London County Council, and other municipal and county councils, have done most useful work. They are young and they have made the mistakes of the young, and I hope, like every one of us, they will learn by their mistakes. One is tempted to go over the paper carefully, but really, after examining every paragraph, there is very little that one can criticise, or very little one can suggest, and I am hardly bold enough to follow the reader in his prospective budget making. No doubt that is a problem which other minds will have to give their attention to very seriously. I am sorry, and that, perhaps, is the one point I do not quite agree with—I am sorry that objection has been taken in the paper to the reduction of the duty on tea. Personally, I feel that duty might have been reduced further still, and I am equally sorry that the word “sugar” has not been mentioned in this paper, but here I am approaching, I think, rather debatable territory which had better be left alone in this room. The war taxation, such as the Tea and Sugar Tax and Income Tax, should be reduced at the earliest moment—I think we are all agreed on that. As to the Inhabited House Duty, that is a most difficult question; and, in connection with a possible increase, we have to consider that there are rates as well as taxes, and that rates have been pretty high. And when we consider the Income Tax question, I think that ought never to be considered by itself, without bearing in mind other taxes on property. When you talk about Income Tax you must also bear in mind the Death Duties which are a very heavy tax on property; indeed, the Death Duties, as we all know, are a graduated tax, the effect of which I do not think has yet been fully recognised or realised. For my own part, I feel that the Death Duties fall very heavily on the capital of the nation, and I think the time may come when that question may have to be reconsidered. But, after all, no legislation can find a proper remedy; no legislator can come to the people and say “You are not to be extravagant.” The remedy must be found in the self-reliance, and in the self-denial of the people, which qualities also must carry them through the commercial struggle which is before us, and help to find the proper remedy. I think education is the one remedy; all legis-

lators ought to bear this in mind as the immediate task before us all. We all talk about commercial education doing a good deal towards it, but I think I have remarked before in this room the people we have to touch is not so much the employed as the employers themselves, as regards their methods and their adaptability to new ideas, enabling them to meet the problems which are facing the commerce of the world at the present moment. When we look at this situation seriously, and place it before us in the earnest desire to remedy the deficiencies which have been pointed out in this paper, then I think the nation will recover from the effects—which I believe to be merely temporary—of this phase through which we are passing at the present moment.

MR. HANSARD: I rise, not to make any general remarks on the paper before us this evening, but to encourage others to break the ice, because I think that many gentlemen here are quite prepared to speak on this all important subject. But first let me take the opportunity of thanking Mr. Speyer very much for the paper he has given us. I am sure we all feel very much indebted to him for it. He has chosen a subject which certainly is a very complex one. The paper embraces a great many topics, and it is almost impossible to discuss a paper of this kind without having read it beforehand, or without having analysed or looked at some of the figures which Mr. Speyer has given us. Unfortunately, I have not been able to see the paper before this afternoon, and, consequently, had neither time or opportunity to examine the statistics given to us. But, on taking it up, I came across a paragraph on page 368 relating to capital invested abroad. There is a proposition there: "No fresh capital invested abroad of late. "These capital investments abroad"—I am quoting Mr. Speyer's own words—"these capital investments abroad have, of late "years, practically stopped altogether, because we have spent "all our money at home." Well, gentlemen, I am somewhat sceptical as to that bare proposition without more proof. It ought not to pass without being challenged in some measure by this Institute. Mr. Speyer has arrived at our foreign investments by capitalising the Income Tax for three years—1881, 1891 and 1901, as given on page 367. Well, this is a very reasonable method of arriving at something like an estimate of our investments abroad, but I am sorry he has not gone further and given the last two or three years also. I hope when the paper is printed in the *Journal* he will take the opportunity of doing this and add some comments thereon. In turning up the "Statistical Abstract," I find in the years 1902-03 the Income Tax on Indian, colonial and foreign investments was £66,408,000, whereas, in 1901, it was only £60,331,000. Well, capitalising that sixty-six millions at twenty years' purchase—which is the basis Mr. Speyer has given us, although I should prefer twenty-five years—that

gives us £1,328,000,000, or an increase in our investments abroad during the last two years of £122,000,000. I should like to have this point elucidated, because I believe my figures are correct, and I find by taking them out in the way I have done they practically agree with the figures for the other years which Mr. Speyer has given in his paper.

MR. S. GRUGERON: I apologise for intruding, but the point raised by the last speaker is with reference to this matter of foreign investments. Mr. Speyer has told us that the investments abroad are practically stationary, and that statement has been contradicted; but I think you may say that Mr. Speyer is correct, for have not the more recent increases in foreign investments been due almost entirely to investments in the Japanese War Loans? That seems to me to be a source of danger rather than otherwise, and I was rather surprised at Mr. Speyer advocating investments abroad in that general way, for we have invested enormous amounts in Japanese Government Stocks for the prosecution of this war, which is an item of destruction and not of creation, however we may point to it—well, not necessarily national, but the whole world, as pointed out, is a loser thereby, and we shall contribute to the loss. That is the point I wanted to raise as to whether investment of that kind made abroad is a source of national security and national wealth. That is a point on which I should like some enlightenment; at present I cannot agree to it myself.

MR. DOBSON: It has been very seldom my pleasure to listen to a paper which contained so much, and yet with which I found myself in such general agreement. That is due, perhaps, to the lucid manner in which the views of Mr. Speyer have been stated. The main point which Mr. Speyer desires to emphasise is that this nation has grown more extravagant. I think there can be no question that he has proved his point. He shows us in his table that even leaving out the expenditure during the last decade on the Boer War—which might, perhaps, by some, be considered necessary—that our annual national expenditure has increased by 45 per cent., while during the same period our population has increased by 10 per cent. only, leaving us with an expenditure of 35 per cent. to the bad. Possibly something should be allowed for the growth during that period of the wealth of the country per head of the population. However, when all possible allowance is made for this, I think there is reason to regret that the figure should be so large as in Mr. Speyer's paper it is shown to be. One of the main sources of that increase is an increase of 65 per cent. in the cost of the defensive services. Unfortunately, this is a matter not entirely in the control of this nation. We are obliged to reckon our expenditure on defensive services, not in proportion to the national income, but rather, in proportion to the dangers

that have to be provided against. The increase shown in the last ten years may be attributed in part to the fact that proper precautions were not taken, and adequate expenditure was not incurred during the period of the eighties with which Mr. Speyer compares it. I believe that was the conclusion to which our naval and military advisers came early in the nineties. The case is not so clear as to the increase of the expenditure in the Civil Service, 44 per cent., and in the cost of collection, 44 per cent.; and here, indeed, there seems to be a case for the attention of one of those commissions, the appointment of which Mr. Speyer has advocated. It may be frivolous on my part to suggest one particular reform, but it has often occurred to me that a great deal of money might be saved in the public service if public offices were arranged on the plan which is adopted in banking and mercantile concerns, of having a large office where the principal can oversee the staff, instead of putting them in separate rooms, in twos and threes, where no one knows how hard they work, or how much time they have to read the newspapers. I was glad to hear Mr. Speyer refer to the effect upon our exports of the diminution in our investments abroad. I have read most of the important speeches made by Members of the Houses of Parliament on the fiscal question, on whichever side of the question they might be, but I have never, outside of this Institute, seen this important fact referred to in connection with the stagnation of our exports. That point was raised in this theatre by Mr. Schuster in a paper which he read, and I am pleased to express my own agreement with it, and very pleased to see the point emphasised again by Mr. Speyer's reference to it. There was a little difference, however, in their remarks upon the subject. Mr. Schuster said that the diminution of investments abroad was due—I speak from memory—to a change of taste in investments, and that the people now invested their money elsewhere. Mr. Speyer rather seems to indicate that the diminution of investments abroad is due to inability on the part of English people to find money to invest. Probably both reasons help to account for the difference, but I am very glad in any case that the point has been raised, not because I think it disposes of the fiscal question, but because, as a scientific inquirer, I am very anxious that all important considerations should be taken into account. I should like to add, in conclusion, that I feel very much indebted to Mr. Speyer for putting so clearly before us the important points which he has raised and also for the valuable tables which are to be found in his paper.

THE PRESIDENT: If no other gentleman has got any remarks to make, I should like to move—and I am sure I shall have more than your assent—a hearty vote of thanks to Mr. Speyer for the very able and very lucid paper which he has read to us to-night.

I am convinced it is a subject which cannot be brought before the public too prominently. There are many points he has touched about which I could say a great deal—possibly not to the very great advantage of any of you—but I have certainly some strong ideas of my own upon them. However, at this late hour of the evening I will not trouble you. I entirely agree with the last gentleman who spoke, that retrenchment in all cases is not the truest economy. No doubt we have suffered from lack of preparation, for the great expense of the last war has been owing to our not being properly prepared for it, and especially to our Army having been starved in the past. There is no doubt, too, what Mr. Schuster said about municipalities being spoiled in the days of cheap money, viz., in 1895-96; but I am afraid our own Government have suffered from the same complaint, for, in those days, as we all know, they were able to raise money by Treasury Bills at simply a ridiculous rate, and, consequently, have more or less been obliged to continue to adopt the same species of financing the country ever since. On the other hand, there is no doubt it was an advantage to us during the South African War, that we were enabled to tap the resources of foreign countries, which enabled us to provide the money for that war easier than we could otherwise have done. The great evil, I think, is that taxation and representation do not go together. We know, as bankers with very large establishments in the City and other places, that we have practically no representation; we have no control over the poundage of the rates. The same applies in almost a stronger degree to railway companies. In many parishes they pay 80 per cent. of the rates, and the inhabitants can have a new water supply provided, or such other luxury of that sort which may be wanted, knowing it is paid for principally by the railway that runs through the parish. I will not detain you longer, gentlemen, but will ask you to give a cordial vote of thanks to Mr. Speyer for the very able paper which he has given us to-night.

MR. SPEYER: I am very much obliged to you for the hearty response you have made to the vote of thanks, and will only reply very briefly to the remarks which have been made. I will be brief because we all want to get home and, secondly, I am glad to think that, on the whole, my paper has met with general agreement. None of the remarks made are of a nature to invalidate the chief points of the paper. With regard to Mr. Schuster's remarks, I think, on the whole, I agree; indeed, the optimism of Mr. Schuster I fully endorse, and I hope I have not conveyed the impression that I take a pessimistic view. I did not. I only want to speak in a cautious way and show that if this expenditure goes on this country is bound to suffer. But my confidence is as great as Mr. Schuster's that if economies are exercised the country will be the better for it. I do not agree with Mr. Schuster as to tea,

but, of course, we cannot agree upon everything; or with regard to the Death Duties—remarks which I did not quite follow—or the Inhabited House Duty; but my proposals were to increase the Inhabited House Duty and reduce the Income Tax, so that the one goes against the other. With regard to what Mr. Hansard said, I shall be glad to complete the tables when I get the proper figures; but I think the explanation of the figures given is perhaps this, that a great deal of capital has been invested which up to a year or two ago did not bring any interest. Take the question of South Africa, where mines did not pay dividends, but are beginning to pay dividends again, and where, of course, a large amount of English capital is invested; so I am not prepared, without further study, to agree that even if the Income Tax Returns show an increase for the last year or two that this means that a larger amount of capital has been invested. I very much doubt it. Another gentleman has, I am afraid, reproached me for having encouraged foreign investments. I am afraid I have been misunderstood. What I meant to say was that it is a very good thing if savings are made, and some of the savings go to foreign countries; but I did not give any “tip” about buying Japanese, nor do I intend giving any “tip” as to buying anything else. With regard to retrenchment and efficiency, of course, they go together. I would be the last to advocate that we should economise and not be efficient. Only such economy is true economy which goes hand in hand with efficiency. I think I have answered all the points which have been made, and I wish to thank you once more very heartily.

EXAMINATIONS.

COPY OF RESOLUTION passed by the Court of Directors of the UNION OF LONDON AND SMITHS BANK, LTD., on Wednesday, July 19th, 1905 :—

“That in future £5 5s. for passing the Preliminary Examination of the Institute of Bankers, and £10 10s. for passing the Final Examination be given to all members of the staff, provided they pass the Final Examination before attaining the age of 25 years.”

RESULTS OF THE EXAMINATIONS HELD ON APRIL 10TH, 11TH AND 12TH, 1905.

THE names of the successful Candidates at the recent Examinations are given below. Under the regulations the Examinations are divided into two parts, embracing a Preliminary Examination and another of a more advanced character. Members have the option of taking up one or more subjects only, and completing the course at subsequent Examinations. The names of those who availed themselves at such partial Examinations are not published till the whole course is completed. Only the final results of the voluntary subjects are published.

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§AINSWORTH, JOHN CATTERALL	Manchester & County Bank, Limited, Darwen.
AKED, FRANCIS BIRCH	London City & Midland Bank, Ltd., Huddersfield.
ALLEN, CUTHBERT GEORGE LLEWEL- LIN	Lloyds Bank, Ltd., Uttoxeter.
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ARMSTRONG, FRANCIS DENNIS	Stuckey's Banking Co., Ltd., Crewkerne.
ARMSTRONG, STANLEY	York City & County Bank, Limited, Bishop Auckland.
AUSTIN, CECIL MAURICE	National Provincial Bank of England, Ltd., Bedminster, Bristol.
BARDSLEY, EDGAR RALPH	Manchester & Liverpool District Bank, Ltd., Manchester.
BARTHOLOMEW, EDWARD ERNEST	London & County Banking Co., Ltd., 21, Lombard Street, E.C.
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BEALES, FREDERICK STANLEY	Manchester & Liverpool District Bank, Ltd., Ordsall, Manchester.

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BOWIS, THOMAS PALIN	...	Nottingham Joint Stock Bank, Ltd., Long Eaton.
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BRIERLEY, MARTIN REED	...	London & South Western Bank, Ltd., Brondesbury.
BROOK, EDWIN	...	Union of London & Smiths Bank, Ltd., 2, Princes Street.
BROOKS, PERCY	...	Messrs. Leatham, Tew & Co., Wakefield.
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BROWN, HAROLD	...	Capital & Counties Bank, Ltd., Spalding.
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COWIN, HENRY HAMPTON	...	Lloyds Bank, Ltd., Douglas, Isle of Man.
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\$MCPHERSON, REGINALD	Bank of Liverpool, Ltd., Brunswick Street, Liverpool.
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ROBERTS, HUGH ALEXANDER EUSTACE	...	Union of London & Smiths Bank, Ltd., Bedminster.
*ROBERTS, WILLIAM PERCIVAL	...	North & South Wales Bank, Ltd., New Ferry, Cheshire.
ROFFEY, ERNEST ASTON	...	Barclay and Company, Ltd., East Grinstead.
ROGERS, FREDERIC WILLIAM	...	Lloyds Bank, Ltd., 71, Lombard Street, E.C.
RUMBOLD, BERTRAM MARTEN	...	Lloyds Bank, Ltd., Tunbridge Wells.
RUST, RONALD HARRY	...	Barclay and Company, Ltd., Bognor.
†RYLEY, JAMES	...	London City & Midland Bank, Ltd., Theobald's Road, W.C.
SCAIFE, ROBERT	...	York City & County Bank, Ltd., Newcastle-on-Tyne.
SCHOLEFIELD, PERCY ENGLISH	...	Union Bank of Manchester, Ltd., 166, Deansgate, Manchester.
SHILLITO, FRANK MCLEAN	...	Manchester & County Bank, Limited, Blackburn.
SIMMONS, EDMUND WALTER	...	Stuckey's Banking Co., Ltd., Wells, Somerset.
SINGLETON, ERNEST	...	London City & Midland Bank, Ltd., Cloth Hall Street, Huddersfield.
†SMITH, GEORGE ALBERT	...	Manchester & County Bank, Limited, Manchester.
SOOTHILL, HERBERT ASHWORTH	...	London Joint Stock Bank, Limited, 5, Princes Street, E.C.
SOULSBY, JOHN	...	Barclay and Company, Ltd., Blyth, Northumberland.
SPENSLEY, GEORGE ERNEST	...	Yorkshire Penny Bank, Laisterdyke, Bradford.
STANCER, CHARLES HUDSON	...	Yorkshire Penny Bank, Brighouse.
STEEL, DEANE	...	Lloyds Bank, Ltd., Maidenhead.
STEPPLE, EVERARD WILFRED	...	National Provincial Bank of England, Ltd., Birmingham.
*STORR, WILLIAM KENNETH	...	London & County Banking Co., Ltd., Greenwich, S.E.
STYLES, JOHN FRANCIS GEORGE	...	London & Provincial Bank, Ltd., Wood Green, N.
SUITER, JOSEPH	...	London City & Midland Bank, Ltd., Maryport.
SUMMERSCALES, JOHN	...	Craven Bank, Ltd., Burnley.
SWEET, HAROLD ROGERS LAXON	...	Wilts & Dorset Banking Co., Limited, Beaminster.
SYMONS, HARRY TILSTON	...	London & South Western Bank, Ltd., Harrow.
*TAYLOR, GEORGE WEBBER	...	York City & County Bank, Limited, Guisboro', Yorks.

FINAL EXAMINATION—*continued*.

THORNTON, OLIVER ARTHUR	...	Craven Bank, Ltd., Keighley.
TWEEDALE, WILLIAM	...	Manchester & Liverpool District Bank, Ltd., King Street, Manchester.
*VOYCE, FRANK	...	Palatine Bank, Ltd., Manchester.
WARD, ERNEST JOHN	FREEMAN	
ANTROBUS	...	Metropolitan Bank of England and Wales, Ltd., Wolverhampton.
WARDLOW, ARTHUR	...	Manchester & Liverpool District Bank, Ltd., Spring Gardens, Manchester.
WELLS, HAROLD COLE	...	Parr's Bank, Ltd., Castle Street, Liverpool.
WEST, HAROLD JOHN	...	London & South Western Bank, Ltd., 230, Kentish Town Road, N.W.
WILLIAMS, REGINALD LESLIE	...	Sheffield & Rotherham Joint Stock Bank, Ltd., Attercliffe, Sheffield.
WOOLVEN, SYDNEY WILFRED	...	Union Bank of Manchester, Limited, Castle Street, Liverpool.
WORDEN, FREDERICK CYRIL	...	London & South Western Bank, Ltd., West Kensington, W.
WRIGHT, FRANK CHARLES	...	Consolidated Bank of Cornwall, Ltd., Penzance.
YATES, FRANCIS	...	York City & County Bank, Ltd., Blyth.
YOUNG, ALEXANDER	...	Manchester & County Bank, Ltd., New Mills, near Stockport.

Winner of the Beckett Memorial Prize.

BYLEY, JAMES	...	London City & Midland Bank, Limited, Theobald's Road, W.C.
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Winner of the George Rae Prize.

HERBERT, HARRY GORDON	...	Bank of Liverpool, Limited, Water Street, Liverpool.
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Winner of the Gwyther Prize for Political Economy.

SCHOLFIELD, ALFRED	...	Parr's Bank, Limited, Atherton.
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THOMAS WILLIAMSON MEMORIAL FUND (MANCHESTER).

FINAL EXAMINATION.

Prize of £5 to W. TWEEDALE, Manchester and Liverpool District Banking Co., Limited, King Street, Manchester.

PRELIMINARY EXAMINATION.

Prize of £5 to J. M. RIPPON, of the Manchester and Liverpool District Bank, Limited, London.

PRELIMINARY EXAMINATION.

ADAMS, WALTER PERCY ...	...	Manchester and County Bank, Limited, South Shore, Blackpool.
ALLNUTT, ALFRED WALTER ...	...	Lloyds Bank, Ltd., 16, Cheapside, E.C.
ANDERSON, ARTHUR SONLEY ...	...	Barclay and Company, Limited, Scar- borough.
ANDERSON, GEORGE COOPER ...	...	Lancashire and Yorkshire Bank, Limited, Mosley Street, Manchester.
ANDERSON, JAMES HENRY ...	...	North and South Wales Bank, Limited, London Road, Liverpool.
ANDREWS, THOMAS... ..	...	Lloyds Bank, Limited, Leicester.
ARDEN, RICHARD PEPPER, JUN....	...	Williams Deacon's Bank, Limited, Bolton.
ARNOLD, PETER FORRESTER ...	...	Union Bank of Manchester, Limited, Manchester.
ASH, CHARLES DUNCAN ... ..	...	Chartered Bank of India, Australia and China, Hatton Court, E.C.
ASHCROFT, HAROLD JOHN ...	...	Bank of Liverpool, Limited, Tue Brook, Liverpool.
ASHTON, EDWARD ... ..	...	Bank of Liverpool, Limited, 7, Water Street, Liverpool.
ATHERTON, WILLIAM CHAPPELL...	...	Sheffield and Hallamshire Savings Bank, Norfolk Street, Sheffield.
ATLAY, ALFRED JAMES ... ..	...	York City and County Bank, Ltd., Selby.
AYKROYD, THOMAS... ..	...	Messrs. Leatham, Tew & Co., Wakefield.
BAILEY, LEONARD ... ..	...	Parr's Bank, Limited, 1, York Street, Manchester.
BAILEY, LEOPOLD GEORGE ...	...	Lloyds Bank, Limited, Worthing.
BAKER, JAMES CARTHEW ...	...	Capital and Counties Bank, Ltd., Woking.
BARBER, FRANCIS JAMES NEVILLE	...	Halifax and Huddersfield Union Bank, Limited, Halifax.
BARKER, JOHN GEORGE ... ..	...	London and South Western Bank, Ltd., 170, Fenchurch Street, E.C.
BARLOW, EDWARD WILLIAM ...	...	Ditton Lodge, Stourwood, Bournemouth.
BARRETT, NORMAN HENRY ...	...	Craven Bank, Limited, Bradford.
BARTLETT, TOM ... ..	...	Lloyds Bank, Limited, Burton-on-Trent.
BARTLETT, VICTOR... ..	...	Lloyds Bank, Limited, Stony Stratford.
BEAUMONT, GEORGE FREDERICK	...	Sheffield and Hallamshire Bank, Limited, Sheffield.
BEAVIS, MAURICE JAMES ...	...	London and Provincial Bank, Limited, Gravesend.
BECKETT, HAROLD EDWIN ...	...	Manchester and County Bank, Limited, Darwen.
BEECHEY, ALEXANDER GEORGE...	...	Martin's Bank, Limited, 68, Lombard Street, E.C.
BEECROFT, HAROLD SMITH ...	...	London City and Midland Bank, Limited, Pontefract.
BEEDLE, ERNEST FRANK ...	...	London City and Midland Bank, Limited, 5, Threadneedle Street, E.C.
BELL, FREDERICK ARTHUR REGINALD... ..	...	Bank of England, E.C.
BENNETT, BENJAMIN FRANCIS ...	...	London City and Midland Bank, Limited, 5, Threadneedle Street, E.C.
BENNETT, MAURICE JAMES ...	...	Williams Deacon's Bank, Limited, 20, Birchin Lane, E.C.

PRELIMINARY EXAMINATION—*continued.*

BEVERIDGE, HARRY	...	...	Capital and Counties Bank, Limited, Cinderford.
BIDDICK, JOHN HARDING	...	...	London and South Western Bank, Ltd., 78, Fleet Street, E.C.
BIGGIN, JOSEPH PERCIVAL	...	...	Yorkshire Penny Bank, Fargate, Sheffield.
BLOODWORTH, HARRY	...	...	London Joint Stock Bank, Limited, 28, Borough High Street, S.E.
BLOOMER, GEORGE GORDON	...	...	Lloyds Bank, Limited, Leamington.
BONING, CHARLES OCTAVIUS	...	...	Birmingham District & Counties Banking Co., Ltd., High Street, Birmingham.
BONNER, STANLEY ABBOTT	...	...	National Provincial Bank of England, Limited, 50, Finsbury Pavement, E.C.
BOOT, CLAUDE OSCAR	...	...	London and South Western Bank, Ltd., 170, Fenchurch Street, E.C.
BOOTE, ALFRED HENRY	...	...	North and South Wales Bank, Limited, 257, Grange Road, Birkenhead.
BOSWORTH, PHILIP CHARLES WORTHINGTON	...	...	London City and Midland Bank, Limited, Leicester.
BRAMWELL, HUGH NOEL	...	...	York City and County Bank, Ltd., York.
BRISKHAM, WILLIAM HENRY	...	...	London City and Midland Bank, Limited, Hunslet Road, Leeds.
BRITTON, HERBERT EYRES	...	...	Lloyds Bank, Limited, Faringdon.
BRITTON, WILLIAM NORMAN	...	...	Lloyds Bank, Limited, Dover.
BROADBENT, PHILIP BONNER	...	...	Lloyds Bank, Ltd., Old Bank, Blackburn.
BROCKLESBY, GEORGE HENRY	...	...	Parr's Bank, Limited, Hyde's Cross Branch, Manchester.
BROOK, WALTER THOMAS	...	...	London City and Midland Bank, Limited, Tooley Street, S.E.
BROOKE, GEORGE TOLSON	...	...	Lancashire and Yorkshire Bank, Limited, Batley.
BROWN, CHARLES FRANK	...	...	London City and Midland Bank, Limited, Gateshead.
BROWN, WILLIAM RONALDSON	...	...	London City and Midland Bank, Limited, Silloth.
BRYANT, WILLIAM JAMES	...	...	London and South Western Bank, Ltd., 416, Harrow Road, W.
BUGG, BERTIE CHARLES	...	...	Wilts and Dorset Bank, Limited, Bournemouth.
BUNTING, PHILIP HENRY	...	...	Northamptonshire Union Bank, Limited, Northampton.
BUTCHER, JAMES CONSTANTINE	...	...	Lancaster Banking Company, Limited, Fishergate, Preston.
BUTTERWORTH, ARTHUR	...	...	Bank of Adelaide, 11, Leadendall Street, E.C.
BYRCH, JOHN BREMNER BERRY	...	...	London and County Banking Company, Limited, Chatham.
BYRNE, HARRY	...	...	Messrs. Berwick, Lechmere & Co., Old Bank, Worcester.
CAIRNS, JAMES	...	...	Bank of England, E.C.
CANTLAY, WILLIAM	...	...	Chartered Bank of India, Australia and China, Hatton Court, E.C.
CARTER, CHRISTOPHER JOHN	...	...	Lloyds Bank, Limited, 222, Strand, W.C.
CARTER, LAWRENCE	...	...	London City and Midland Bank, Limited, Cloth Hall Street, Huddersfield.
CASTLE, GEORGE ARTHUR	...	...	London City and Midland Bank, Limited, 603, Commercial Road, E.

PRELIMINARY EXAMINATION—*continued.*

CAULDWELL, WILLIAM GEORGE...	Lloyds Bank, Ltd., 72, Lombard Street, E.C.
CAWS, ROBERT BRUCE	Capital and Counties Bank, Limited, Bradford-on-Avon.
CHAMBERS, WILLIAM KENNETH	
ISBISTER	Parr's Bank, Limited, Stratford, E.
CHANTER, PERCY WILLS	London City and Midland Bank, Limited, Woolwich, S.E.
CHARLES, HERBERT JAMES	Lloyds Bank, Limited, Merthyr Tydfil.
CHICK, LIONEL TALBOT	National Bank, Limited, 21, Grosvenor Gardens, S.W.
CHICK, STANLEY TALBOT	Parr's Bank, Limited, 4, Bartholomew Lane, E.C.
CHINCHEN, HERBERT SAMUEL	Barclay and Company, Limited, 41, St. Mary Axe, E.C.
CHINNECK, ARTHUR BERTRAM	Union of London and Smiths Bank, Limited, Exeter.
CHISLETT, THOMAS HERBERT	Sheffield and Rotherham Joint Stock Bank, Limited, Sheffield.
CHRISTIAN, ALLAN OATES	Isle of Man Banking Company, Limited, Castletown, Isle of Man.
CHRISTOPHERSON, ERIC	Capital and Counties Bank, Limited, Godalming, Surrey.
CLARIDGE, CHARLES HERBERT HAMILTON	London City and Midland Bank, Limited, Cheltenham.
CLARKSON, HARRY BEARDMORE...	Parr's Bank, Limited, 1, York Street, Manchester.
CLOKIE, RALPH WARDLAW	Messrs. Leatham, Tew & Co., Castleford.
COATES, ARTHUR	Lloyds Bank Limited, Hemel Hempstead.
COBB, SAMUEL JOHN	Union of London and Smiths Bank, Limited, 2, Prince's Street, E.C.
COLE, CLIFFORD REEVE	Chartered Bank of India, Australia and China, Hatton Court, E.C.
COLEBY, CLAUDE JACK WARREN..	Barclay and Company, Limited, 54, Lombard Street, E.C.
COLLINS, KARL WOODBINE	London City and Midland Bank, Limited, Hackney, N.E.
COLLISHAW, JAMES ALFRED	Capital and Counties Bank, Limited, High Wycombe.
COOKE, ALFRED CREMER	Williams Deacon's Bank, Limited, Man- chester.
COOPE, GEORGE ERNEST	Union Bank of Manchester, Limited, Farnworth, near Bolton.
COOPER, EDMUND RUTLEDGE	Barclay and Company, Ltd., Fakenham.
CORNISH, HERBERT COUPLAND	Messrs. Blydenstein and Co., 53, Thread- needle Street, E.C.
COTTON, PERCIVAL CHARLES	Metropolitan Bank (of England and Wales), Limited, Brierley Hill.
COVE, CECIL WILLIAM	London and County Banking Company, Limited, Bishop's Stortford.
COX, ALBERT EDWARD	London and South Western Bank, Ltd., Reading.
COX, FRANK NUTTER	Barclay and Company, Limited, 1, Pall Mall East, S.W.
COX, JOHN CHARLES PARSONS	Stuckey's Banking Company, Limited, Stoke's Croft, Bristol.
CRADDOCK, WILLIAM GEORGE	National Provincial Bank of England, Limited, Tamworth.

PRELIMINARY EXAMINATION—*continued.*

CRANSTOUN, WILLIAM MOXON	...	Lloyds Bank, Limited, Nuneaton.
CRASS, WILLIAM BURNETT	...	Williams Deacon's Bank, Limited, Mosley Street, Manchester.
CRAWLEY, JOHN LLOYD	...	York City and County Bank, Limited, Workington.
CROFT, NORMAN THIRMBECK	...	National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
CROMPTON, REGINALD	...	Parr's Bank, Limited, Hindley.
CROW, HERBERT LEE	...	London and County Banking Company, Limited, Westcliff-on-Sea.
CUNNINGHAM, ROBERT FAIRRIE	...	Williams Deacon's Bank, Limited, Chapel Street, Salford.
CURRY, GEORGE WILLIAM	...	Union of London and Smiths Bank, Limited, Dewsbury.
CURTIS, JOSEPH PERCY	...	National Bank of Australasia, Limited, 123, Bishopsgate Street Within, E.C.
DADE, JAMES FREDERICK	...	Lloyds Bank, Limited, Faringdon.
DAVIDSON, JAMES HENRY	...	York City and County Bank, Limited, South Shields.
DAVIDSON, WILLIAM	...	Parr's Bank, Limited, King Street, Manchester.
DAVIES, AMOS	...	London City and Midland Bank, Limited, Market Street, Manchester.
DAVIES, HUGH LEWIS	...	National Provincial Bank of England, Limited, Holywell.
DAVIES, WILLIAM JOHN	...	Lloyds Bank, Limited, Newport, Mon.
DAY, SYDNEY ALBERT	...	Union of London & Smiths Bank, Ltd., Keynsham.
DENNING, HAMILTON GRESLEY	...	National Provincial Bank of England, Limited, Upper Street, Islington, N.
DENSON, THOMAS GERALD	...	Martin's Bank, Limited, Dartford.
DICKINS, SYDNEY HOWARD	...	Bank of Liverpool, Limited, 21, Park Lane, Liverpool.
DIX, ALFRED NORMAN	...	Lloyds Bank, Ltd., 15-17, Cheapside, E.C.
DIXON, HARTLEY MARSDEN	...	Yorkshire Penny Bank, Nelson.
DOWNIE, ALBERT CHARLES JAMES	...	London City and Midland Bank, Limited, 52, Cornhill, E.C.
DRUMMOND, ALEC KIRK	...	York City and County Bank, Limited, Barrow-in-Furness.
DRUMMOND, JOHN EDWIN	...	York City and County Bank, Limited, Beverley.
DUDLEY, SELWYN	...	Lloyds Bank, Limited, 71, Lombard Street, E.C.
DUTTON, SYDNEY WILLIAM	...	Williams Deacon's Bank, Ltd., St. Helens.
DYER, ROY BACKHOUSE	...	Lloyds Bank, Limited, Haverfordwest.
DYSON, DAVID	...	Lancashire and Yorkshire Bank, Limited, Warrington.
DYSON, EDWARD	...	Lloyds Bank, Limited, Ashford, Kent.
DYSON, HERBERT	...	Yorkshire Penny Bank, Nelson.
EAGLESFIELD, ERNEST GEORGE	...	York City and County Bank, Limited, Workington.
EDLESTON, WILLIAM EDGAR	...	Union Bank of Manchester, Limited, York Street, Manchester.
EDWARDS, JOHN PENRY	...	National Provincial Bank of England, Limited, Carmarthen.
EDWARDS, WILLIAM GRIFFITHS	...	Lloyds Bank, Limited, Llandyssul, Cardiganshire.

PRELIMINARY EXAMINATION—*continued.*

ELLIS, RICHARD WILFRED	...	Lloyds Bank, Limited, 72, Lombard Street, E.C.
ELSWORTH, ERNEST MAWDSLEY...		Manchester and Liverpool District Banking Co., Limited, Wigan.
EVANS, EVAN OWEN	...	Lloyds Bank, Limited, Cardigan.
EVANS, FREDERICK	...	Union Bank of Manchester, Limited, York Street, Manchester.
EVANS, WILLIAM ALEXANDER	...	London City and Midland Bank, Limited, Cardiff Docks.
FARMBOROUGH, ROBERT WEBB...		Lloyds Bank, Limited, Stony Stratford.
FARMER, WALTER COURT	...	Wilts and Dorset Bank, Limited, Colyton.
FARR, CHARLES CECIL	...	Union Bank of Manchester, Limited, St. Peter's Branch, 11, Oxford Street, Manchester.
FARRER, PERCY ROBINSON	...	London City and Midland Bank, Limited, Hunslet, Leeds.
FAWLEY, WILLIAM EDWIN	...	Sheffield Banking Co., Limited, Sheffield.
FEARON, JOHN	...	York City and County Bank, Limited, Carlisle.
FELLOWS, HAROLD JOHN...	...	Lloyds Bank, Limited, Temple Row West, Birmingham.
FIELD, WILLIAM ERNEST...	...	Parr's Bank, Limited, Frodsham.
FINCH, ALBERT EDWARD...	...	Lloyds Bank, Limited, Swansea.
FINDLAY, GEORGE	...	Chartered Bank of India, Australia and China, Threadneedle Street, E.C.
FISHER, HENRY WARD	...	London City and Midland Bank, Limited, 10, Talbot Square, Blackpool.
FLINT, GEORGE HERBERT	...	Parr's Bank, Limited, Derby.
FOGG, HOWARD	...	Parr's Bank, Limited, 1, York Street, Manchester.
FOLDER, JOHN	...	York City and County Bank, Limited, Cockermouth.
FORD, ARTHUR	...	Parr's Bank, Limited, Leek.
FORD, JOHN	...	London Joint Stock Bank, Limited, 5, Princes Street, E.C.
FOSTER, BENJAMIN JENNER	...	London and South Western Bank, Ltd., 170, Fenchurch Street, E.C.
FOSTER, HAROLD LESLIE...	...	National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
FOWLES, FREDERICK	...	Birmingham District & Counties Banking Company, Limited, Shrewsbury.
FRANCIS, ARTHUR	...	London and County Banking Company, Limited, 21, Lombard Street, E.C.
FRATER, DAVID GEORGE	...	Union of London and Smiths Bank, Limited, 2, Princes Street, E.C.
FURLONG, MALCOLM STEPHENSON	...	London and South Western Bank, Ltd., Croydon.
GAINER, ROBERT HAROLD	...	Lloyds Bank, Limited, Stokes Croft, Bristol.
GARBUTT, ROBERT...	...	York City and County Bank, Limited, Howden.
GARLAND, EDGAR WILLIAM	...	Wilts and Dorset Banking Company, Limited, Weston-super-Mare.
GEORGE, EDWARD MONSON, JUN.	...	Messrs. Alexander Fletcher & Company, 2, St. Helen's Place, E.C.
GEORGE, FRANCIS REGINALD	...	London and County Banking Company, Limited, 21, Lombard Street, E.C.

PRELIMINARY EXAMINATION—*continued.*

GIBBON, EDWARD LEIGH...	...	Lloyds Bank, Limited, Altrincham.
GILL, FRANK	... ..	Lancashire and Yorkshire Bank, Limited, Deansgate, Manchester.
GLOVER, HERBERT GARFIELD	...	London City and Midland Bank, Limited, 83, New Briggate, Leeds.
GOODRICH, HERBERT AUGUSTUS WILLIAM	... ..	Union of London and Smiths Bank, Limited, 2, Princes Street, E.C.
GOODWIN, ORTON ERNEST	...	Bank of Liverpool, Limited, Seacombe.
GORDON, ALEXANDER	...	Williams Deacon's Bank, Limited, Smith- field Market, Manchester.
GORST, JOHN ERNEST	...	Parr's Bank, Limited, Charing Cross, Birkenhead.
GOTHORP, HARRY HINDLE	...	Lancashire and Yorkshire Bank, Limited, 18, Park Row, Leeds.
GRAINGER, EDWIN JAMES	...	Barclay and Company, Limited, East Grinstead.
GRANT, FREDERICK WILLIAM	...	Birmingham District and Counties Bank, Limited, Colmore Row, Birmingham.
GRAY, FRANK	... ..	Bank of Liverpool, Limited, Stanley Road, Bootle.
GREENWELL, JOHN	...	London City and Midland Bank, Limited, 37, High Street, Gateshead-on-Tyne.
GRIFFITH, ALFRED ERNEST	...	Lloyds Bank, Limited, Alfreton Road, Nottingham.
GRIMES, THOMAS ARNOLD	...	Bank of Liverpool, Limited, Millom, Cumberland.
GRIMSHAW, DAVID...	...	Parr's Bank, Limited, 4, Bartholomew Lane, E.C.
GRUGEON, SYDNEY...	...	London City and Midland Bank, Limited, 93, Great Eastern Street, E.C.
GUNSON, WILLIAM CRAGG	...	Parr's Bank, Ltd., Bartholomew Lane, E.C.
HACKETT, SIDNEY ARTHUR	...	Northamptonshire Union Bank, Limited, Leicester.
HAHN, WALTER FREDERICK	...	Union Bank of Manchester, Limited, Altrincham.
HAINES, STEPHEN GILBERT	...	Capital and Counties Bank, Limited, Chippenham.
HAIRE, DAVID	... ..	Bank of Liverpool, Limited, 7, Water Street, Liverpool.
HALFPENNY, WILLIAM HENRY	...	Parr's Bank, Ltd., Castle Street, Liverpool.
HALL, ROBERT AUBREY NEWSON	...	Lloyds Bank, Limited, Worcester.
HALLIGY, FREDERICK JOSEPH...	...	York City and County Bank, Limited, Newcastle-on-Tyne.
HALSTEAD, JAMES ALBERT	...	Manchester and County Bank, Limited, St. James's Street, Accrington.
HAMPSON, ROBERT INMAN	...	Parr's Bank, Limited, Hydes Cross, Manchester.
HARME, SCOTFORD RUSSELL	...	London City and Midland Bank, Limited, Cardiff Docks.
HARVEY, HAROLD FRANCIS GORDON	...	Metropolitan Bank, Limited, Bridgend, Glam.
HAWLEY, DOUGLAS STRATTON	...	Lloyds Bank, Limited, Borough Road, Burton-on-Trent.
HAWORTH, WILLIAM BARRATT	...	Williams Deacon's Bank, Ltd., Fleetwood.
HAYES, PERCY JOSEPH	...	London and South Western Bank, Ltd., Camberwell, S.E.

PRELIMINARY EXAMINATION—*continued.*

HEARDER, HARRY	Messrs. Harris, Bulteel & Company, Naval Bank, Devonport.
HEATH, PAUL LENTON	National Provincial Bank of England, Limited, Dulverton.
HENNESEY, HERBERT WILLIAM...	Provincial Bank of Ireland, Ltd., Belfast.
HENTSCH, WILLIAM JOHN	London and South Western Bank, Ltd., Kingston-on-Thames.
HEWITT, ST. JOHN... ..	Parr's Bank, Limited, 4, Bartholomew Lane, E.C.
HEYWOOD, ALFRED WILLIAM	Lloyds Bank, Limited, Swansea.
HIGGINBOTTOM, GEORGE	Manchester and Liverpool District Bank, Limited, King Street, Manchester.
HILLIER, HUGH ERNEST	London and South Western Bank, Ltd., 170, Fenchurch Street, E.C.
HINDSON, MATTHEW THOMAS	Lloyds Bank, Limited, Collingwood Street, Newcastle-on-Tyne.
HODKIN, THOMAS WILLIAM	Lancashire and Yorkshire Bank, Limited, 43, Spring Gardens, Manchester.
HOFF, WILLIAM HART	Parr's Bank, Limited, 77, Lombard Street, E.C.
HOLDEN, EVERARD OSBORNE	London and South Western Bank, Ltd., Richmond, Surrey.
HOLMES, JAMES WILLIAM	Lancashire and Yorkshire Bank, Limited, Longsight, Manchester.
HOLROYD, HENRY	Manchester and Liverpool District Bank, Limited, Blackburn.
HOLT, LEWIS	Messrs. Leatham, Tew & Co., Wakefield.
HOODLESS, WILLIAM HENRY	York City and County Bank, Ltd., Wigton.
FORBES	London and South Western Bank, Ltd., East Ham.
HORDEN, LEONARD PEARCE	Wilts and Dorset Banking Company, Limited, Salisbury.
HORNBY, JOHN ALBERT	Crompton and Evans' Union Bank, Ltd., Mansfield, Notts.
HOWARD, GEORGE WILSON	Parr's Bank, Limited, Rook Ferry.
HUGHES, WILLIAM HERBERT	Parr's Bank, Limited, 22, St. Mary's Gate, Manchester.
HUNT, GEORGE	Metropolitan Bank (of England and Wales), Limited, Oxford.
HUNT, JAMES FREDERICK	
HUNTLY, STEPHEN WILLIAM	Lloyds Bank, Limited, Holborn Circus, E.C.
HERBERT	
HUTCHINGS, GERALD BATHURST..	Lloyds Bank, Limited, Sparkbrook, Birmingham.
HUTCHINGS, SAMUEL PAVER	Lloyds Bank, Limited, Torquay.
HUTTON, JOHN ARTHUR	Lancashire and Yorkshire Bank, Limited, 43, Spring Gardens, Manchester.
IRELAND, WILLIAM GEORGE	Lloyds Bank, Limited, Torquay.
ISHERWOOD, FRED	Union Bank of Manchester, Limited, Ashton-in-Makerfield.
IVESON, BENJAMIN ALFRED	Lloyds Bank, Limited, Hexham-on-Tyne.
JACKSON, CHARLES KEET	London City and Midland Bank, Limited, 71A, Queen Victoria Street, E.C.
JACKSON, ERNEST	North Eastern Banking Company, Ltd., Durham.
JACKSON, FREDERICK	Halifax Commercial Bank, Limited, Hull.

PRELIMINARY EXAMINATION—*continued.*

JACKSON, GEORGE EMMERSON	...	Barclay and Company, Limited, Hull.
JAMESON, CHARLES NEVILLE	...	Lloyds Bank, Limited, Leeds.
JEFFERSON, HENRY	...	Barclay and Company, Limited, Scarborough.
JOBLING, ARTHUR	...	National Provincial Bank of England, Limited, Sunderland.
JOHNSON, HAROLD VICTOR	...	Metropolitan Bank, Limited, Walsall.
JOHNSON, WILLIAM CLIFFORD	...	
FINNEY	...	Lancashire and Yorkshire Bank, Limited, Buxton.
JONES, FREDERICK PALGRAVE	...	Parr's Bank, Limited, Chester.
JONES, HERBERT CAUSEW	...	Lloyds Bank, Limited, Small Heath, Birmingham.
JONES, JAMES GILBERT	...	North and South Wales Bank, Limited, Great George Place, Liverpool.
JONES, JOHN ARTHUR	...	Lloyds Bank, Limited, Leicester.
JONES, WILLIAM HOPE	...	Manchester and Liverpool District Bank, Limited, Ashton-under-Lyne.
JONES-EVANS, HUMPHREY	...	National Provincial Bank of England, Limited, Brecon.
KELLETT, MORRIS	...	Yorkshire Penny Bank, Manchester Road, Bradford.
KEOGH, JOHN WILLIAM	...	London Joint Stock Bank, Limited, 5, Prince's Street, E.C.
KERANS, CHARLES NEWALL	...	National Bank of India, Limited, 17, Bishopsgate Street Within, E.C.
KIDD, FREDERICK SAMUEL	...	North and South Wales Bank, Limited, 440, New Chester Road, Rock Ferry.
KIMPTON, WILLIAM HANSARD, JUN.	...	Union of London and Smiths Bank, Limited, Chesham.
KING, PERCIVAL BEATTIE	...	London and South Western Bank, Ltd., 412, Kennington Road, S.E.
LAKE, GEORGE ERNEST	...	London City and Midland Bank, Limited, Long Row, Nottingham.
LANE, ERNEST ARTHUR	...	Barclay and Company, Limited, South Lowestoft.
LANG, WILLIAM EDWIN	...	Chartered Bank of India, Australia and China, Hatton Court, E.C.
LANGTON, ERNEST WILLIAM	...	Halifax Commercial Banking Company, Limited, Bradford.
LAVINGTON, FREDERICK	...	Capital and Counties Bank, Limited, Newton Causeway, S.E.
LAWSON, ARTHUR ERNEST	...	North and South Wales Bank, Limited, Aintree, Liverpool.
LEE, PERCY JOHN	...	Parr's Bank, Limited, Great Charlotte Street, Liverpool.
LEIGH, JOHN ANDREW	...	Parr's Bank, Limited, Warrington.
LEWIS, HARRY SCOTT	...	Wilts and Dorset Banking Company, Limited, Trowbridge, Wilts.
LEWIS, WILLIAM MORTIMORE	...	
GWYN	...	Wilts and Dorset Bank, Ltd., Taunton.
LILLEY, ARTHUR SUTCLIFFE	...	London City and Midland Bank, Limited, Hyde.
LITTLE, HOWARD WRIGHT	...	National Provincial Bank of England, Limited, 185, Aldersgate Street, E.C.
LIVERSEDGE, FRANK	...	Union of London and Smiths Bank, Limited, Church Street, Barnsley.

PRELIMINARY EXAMINATION—*continued.*

LLOYD, WILLIAM ERNEST	...	National Provincial Bank of England, Limited, South Shields.
Longbottom, William Ernest	...	Parr's Bank, Limited, Widnes.
LOTEN, HAROLD IVENS	...	York City and County Bank, Limited, Silver Street, Hull.
LOUNT, ARTHUR GILBERT	...	Stamford, Spalding and Boston Banking Company, Limited, Spalding.
LOVETT, HERBERT THOMAS	...	Stamford, Spalding and Boston Bank, Limited, Alford.
LOYE, REGINALD PHILIP	...	Wilts and Dorset Banking Company, Limited, Melksham.
LUSH, REGINALD GREGORY GILMORE	... ..	London City and Midland Bank, Limited, 5, Threadneedle Street, E.C.
MCGIVERING, JOHN	...	North and South Wales Bank, Limited, Waterloo, Liverpool.
MCKAY, WALLACE	...	National Provincial Bank of England, Limited, 114, High Holborn, W.C.
McMONNIES, HUGH LESLIE	...	Bank of Scotland, 19, Bishopsgate Street Within, E.C.
McVICAR, PETER	...	Chartered Bank of India, Australia and China, Hatton Court, E.C.
MAJOR, FRANCIS LEONARD	...	Messrs. Fox, Fowler & Co., Holsworthy.
MALLINSON, THOMAS ARTHUR	...	Craven Bank, Limited, Skipton.
MANNINGS, JAMES WOFFENDEN	...	Bank of Liverpool, Limited, Water Street, Liverpool.
MANT, CHARLES ARTHUR	...	Lloyds Bank, Limited, Birmingham.
MARKS, HAROLD WILLIAM	...	London City and Midland Bank, Limited, 159, Tottenham Court Road, W.
MARRIOTT, LIONEL FRANK BURTON	...	London and County Banking Co., Ltd., Pavilion Buildings, Brighton.
MARSDEN, HAROLD	..	Union of London and Smiths Bank, Limited, Elland.
MARSTON, CHARLES HENRY	...	Lloyds Bank, Limited, Cambridge.
MARTIN, FRANK THOMAS SIDNEY	...	London and South Western Bank, Ltd., Fulham Road, S. W.
MARTIN, THOMAS	...	Bank of England, E.C.
MARTINDALE, JOHN BELL	...	Union Bank of Manchester, Limited, Royal Exchange, Manchester.
MASON, CHARLES	...	Lloyds Bank, Limited, Osborne Road, Newcastle-on-Tyne.
MASON, JAMES THOMAS HERBERT	...	Parr's Bank, Ltd., Sloane Square, S.W.
MAW, HAROLD EDWIN	...	Lloyds Bank, Limited, Brunswick Street, Liverpool.
MAYLETT, FREDERICK GEORGE	...	Lloyds Bank, Limited, Bromsgrove.
MEAGHER, JOSEPH GEORGE	...	Williams Deacon's Bank, Limited, 20, Birchin Lane, E.C.
MELLOR, ROBERT WILLIAM	...	Lloyds Bank, Limited, High Street, Birmingham.
MICHALSEN, CHARLES CUTHBERT	...	Barclay and Company, Limited, Blyth.
MINERS, BERNARD PERRY	...	Lloyds Bank, Limited, Head Office, Birmingham.
MOATE, THOMAS HAYDEN	...	Capital and Counties Bank, Limited, Islington, N.
MOLYNEUX, WILLIAM HURST	...	Union Bank of Manchester, Limited, Winsford.
MORGAN, JAMES WALWYN GYNLAIS	... ..	Lloyds Bank, Limited, Penarth.

PRELIMINARY EXAMINATION—*continued*.

MOSS, HERBERT WILLIAM	...	Lloyds Bank, Limited, 92, King Street, Manchester.
MOSS, WILLIAM EDGAR	...	London and South Western Bank, Ltd., 37, Hill Road, Wimbledon.
MOUNTFORT, HUBERT	...	Lloyds Bank, Limited, Coventry.
MUNRO, GEORGE	...	Chartered Bank of India, Australia and China, Hatton Court, E.C.
NAYLOR, HERBERT BROADLEY	...	London City and Midland Bank, Limited, Holbeck, Leeds.
NEDWILL, WILLIAM	...	Manchester & Liverpool District Banking Co., Limited, Water Street, Liverpool.
NEWBERRY, SIDNEY ELLIOTT	...	London and South Western Bank, Ltd., High Street, Dulwich Village, S.E.
NEWTON, WILLIAM STEWART	...	North and South Wales Bank, Limited, Bold Street, Liverpool.
NICHOLS, FRANK LESLIE	...	London and South Western Bank, Ltd., 260, Walworth Road, S.E.
NICKS, FREDERIC ARTHUR	...	National Provincial Bank of England, Limited, Stone, Staffs.
NINNES, HERBERT GEORGE	...	Parr's Bank, Limited, 14, Sloane Square, London, S.W.
NUNNERLEY, RICHARD	...	Parr's Bank, Limited, Southport.
OLDHAM, JOHN STEPHENS	...	Union Bank of Manchester, Limited, Accrington.
OSBORN, CUTHBERT GEORGE	...	Lloyds Bank, Limited, 71, Lombard Street, E.C.
OWEN, BLEDDYN LLOYD	...	Metropolitan Bank of England and Wales, Limited, Llangefti.
OWEN, THOMAS GLYN	...	North and South Wales Bank, Limited, Llanfyllin.
OXLEY, JAMES	...	London City and Midland Bank, Limited, Dudley Hill, Bradford, Yorks.
PAICE, CHARLES TASKER	...	Bank of England, E.C.
PALMER, FRANK GEORGE	...	Capital and Counties Bank, Limited, Great Yarmouth.
PALMER, HENRY THWAITES	...	London and Provincial Bank, Limited, Lowestoft.
PALMER, THOMAS FRANK EDGAR	...	London and County Banking Co., Ltd., 180, Shoreditch, E.
PARFITT, EDWARD CECIL	...	Parr's Bank, Limited, 4, Bartholomew Lane, E.C.
PARK, WILLIAM THOMPSON	...	London City and Midland Bank, Limited, 37, Grainger Street, Newcastle-on-Tyne.
PARKER, ARNOLD CLIFFORD	...	London and Westminster Bank, Limited, Hampstead, N.W.
PARKER, CHARLES MARSHALL	...	London and Westminster Bank, Limited, 41, Lothbury, E.C.
PARKER, ERNEST PHILIP	...	Barclay and Company, Limited, Oxford.
PATCHETT, EDWARD ARTHUR	...	Messrs. Beckett & Company, Kirkgate, Bradford.
PEACOCK, WILLIAM HENRY RUSK	...	Parr's Bank, Limited, St. Martin's Place, W.C.
PEARSON, KENNETH	...	Bank of Liverpool, Limited, Charing Cross, Birkenhead.
PEARSON, THOMAS	...	York City and County Bank, Limited, Carlisle.
PEEL, FREDERICK	...	Lancashire and Yorkshire Bank, Limited, Manchester.

PRELIMINARY EXAMINATION—continued.

PENNEY, WILLIAM ALEXANDER...	National Provincial Bank of England, Ltd., King Street, South Shields.
PENNINGTON, ROBERT WILLIAM...	Lancashire and Yorkshire Bank, Limited, Rochdale.
PERKINS, LEWIS ARTHUR ...	Lloyds Bank, Limited, 71, Lombard Street, E.C.
PERREN, ALFRED	London and Provincial Bank, Limited, 3, Bank Buildings, Lothbury, E.C.
PERREN, JOSEPH LEONARD ...	Capital and Counties Bank, Limited 39, Threadneedle Street, E.C.
PERRY, HENRY BERNARD ...	Capital and Counties Bank, Limited, 115, Fore Street, E.C.
PETCH, CECIL TRANMAR ...	Union of London and Smiths Bank, Ltd., Scarborough.
PETTITT, LESLIE	Lloyds Bank, Limited, Head Office, Birmingham.
PHELPS, ARCHIBALD WILLIAM ...	London City and Midland Bank, Limited, St. Peter's Street, Derby.
PHILLIPS, JOHN	Lloyds Bank, Limited, Fishguard.
PHILLIPSON, GEORGE EMERSON...	National Provincial Bank of England, Limited, Darlington.
PICKLES, THOMAS	Lloyds Bank, Ltd., Saltaire, Yorkshire.
PLACE, FRANCIS EDGAR ...	Barclay and Company, Limited, Darlington
PLACKETT, ALFRED	York City and County Banking Company, Limited, Sheffield.
PLAYFER, GORDON JACK ...	Manchester and Liverpool District Banking Company, Limited, Leek.
PORTER, HERBERT GEORGE ...	London City and Midland Bank, Limited, Aston Cross, Birmingham.
PRATT, FRANCIS JAMES ...	Lloyds Bank, Limited, Shipston-on-Stour.
PRICE, JOSEPH SYDNEY ...	Lloyds Bank, Ltd., Bloxwich.
PRINGLE, JAMES	Lloyds Bank, Limited, 15, West Street, Gateshead.
PURDY, EDGAR CUTHBERT ...	Lloyds Bank, Limited, Manchester.
PURSER, HAROLD MOGG ...	Lloyds Bank, Limited, High Street, Birmingham.
RAMSDEN, FRED	Manchester and County Bank, Limited, Deansgate, Bolton.
RATSON, ERNEST WILKINSON ...	Yorkshire Penny Bank, Sedbergh, Yorkshire.
RENAUD, CONSTANT WILLIAM ...	Chartered Bank of India, Australia and China, Hatton Court, E.C.
REYNER, JOHN GARNETT...	Parr's Bank, Limited, 1, York Street, Manchester.
RIPPON, JOSEPH MAKEPEACE ...	Manchester and Liverpool District Bank, Ltd., 75, Cornhill, E.C.
ROBERTS, EVAN JONES	North and South Wales Bank, Limited, Aberystwyth.
ROBERTS, GEORGE STANLEY ...	Lloyds Bank, Ltd., St. Philip's, Bristol.
ROBERTSON, GEORGE COCKBURN...	Messrs. Lambton & Co., Rothbury, Northumberland.
ROBINSON, WILLIAM HEDLEY ...	Union Bank of Manchester, Limited, York Street, Manchester.
ROGERS, ARTHUR	Yorkshire Penny Bank, 70, Otley Road, Shipley.
ROGERS, ARTHUR GERALD ...	Capital and Counties Bank, Limited, Gloucester.

PRELIMINARY EXAMINATION—*continued.*

ROGERS, ARTHUR PERCY ...	...	Manchester and Liverpool District Banking Company, Ltd., Bury, Lancs.
ROGERS, THOMAS LESLIE...	...	Nottingham and Nottinghamshire Banking Company, Ltd., Mansfield.
ROSS, WALTER ... ..	...	Hong Kong and Shanghai Banking Corporation, 31, Lombard Street, E.C.
ROWLEY, JOHN BEDFORD...	...	York City and County Bank, Limited, Scarborough.
SAMPSON, ERNEST GEORGE	...	Bank of Scotland, Hawick, N.B.
SANDERS, ROBERT PIERCY	...	Bank of England, E.C.
SARGEANT, ERNEST GLOVER	...	Wilts and Dorset Banking Company, Limited, Kingsbridge, South Devon.
SAWTELL, STANLEY JOHN	...	Wilts and Dorset Banking Company, Limited, Trowbridge.
SCAMMELL, CHARLES JAMES	...	Capital and Counties Bank, Limited, Eastville, Bristol.
SCHOFIELD, ALAN GERALD	...	National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
SCHROEDER, HANS ADOLF GEORG	...	Union Discount Company of London, Limited, 39, Cornhill, E.C.
SELFE, LEONARD FRANCIS	...	London and County Banking Company, Limited, Hitchin.
SHACKLETON, JAMES BYROM	...	Lancashire and Yorkshire Bank, Limited, Todmorden.
SHARDLOW, HERBERT ALFRED	...	Sheffield Banking Company, Limited, Chesterfield.
SHARPE, SIDNEY UGHTRED	...	London and County Banking Company, Limited, Reading.
SHARPLES, FRANK ... ..	...	Parr's Bank, Limited, Sackville Street, Manchester.
SHARROCKS, ROBERT ALEXANDER	...	Union Bank of Manchester, Limited, York Street, Manchester.
SHAW, ARNOLD ... ..	...	Union Bank of Manchester, Limited, York Street, Manchester.
SHAW, ARTHUR LLEWELLYN BANCROFT	...	Union Bank of Manchester, Limited, Withington.
SHAW, GEORGE BARON ...	...	London City and Midland Bank, Limited, Barnoldswick.
SHELDON, HAROLD... ..	...	London City and Midland Bank, Limited, High Street, Sheffield.
SHENTON, EDWARD CHRISTIE	...	London City and Midland Bank, Limited, Derby.
SHEPHERD, NEAL TURNBULL	...	Whitehaven Joint Stock Bank, Limited, King Street, Penrith.
SIMPSON, REGINALD HAYDEN	...	Lloyds Bank, Limited, Ashington, Northumberland.
SLACK, HAROLD WILLIAM	...	Parr's Bank, Limited, Radcliffe, Lancashire.
SLATER, GEORGE CYRIL ...	...	National Provincial Bank of England, Limited, Exeter.
SMITH, EDMUND NALL ...	...	Manchester and Liverpool District Bank, Limited, Stalybridge.
SMITH, EWART HASLEWOOD	...	Lloyds Bank, Limited, Head Office, Birmingham.
SMITH, HARRI ... ..	...	Union Bank of Manchester, Limited, 50, Swan Street, Manchester.

PRELIMINARY EXAMINATION—*continued.*

SMITH, JABEZ, JUN. ...	...	Capital and Counties Bank, Limited, Guildford.
SMITH, JOHN ARTHUR ...	...	Manchester and County Bank, Limited, Gorton.
SMITH, PERCY ...	...	Yorkshire Penny Bank, Skipton.
SMITH, SAMUEL PURCELL ...	...	Bank of Liverpool, Limited, Eastgate Street, Chester.
SMITH, SYDNEY HOWARD ...	...	Lloyds Bank, Limited, Sutton Coldfield.
SNELL, SAMUEL ...	...	Capital and Counties Bank, Limited, Ross, Herefordshire.
SOWERBUTTS, CHARLES ...	...	York City and County Bank, Limited, Park Row, Leeds.
SPEIR, ARCHIBALD, JUN. ...	...	National Provincial Bank of England, Limited, Cardiff.
SPENCER, EDWARD EKINS ...	...	Messrs. T. Barnard & Co., Bedford.
STAMPE, GEORGE HERBERT ...	...	Lincoln and Lindsey Bank, Limited, Victoria Street, Grimsby.
STARK, JAMES ARTHUR ...	...	Bank of England, E.C.
STILES, ROBERT ALEXANDER ...	...	London and County Banking Company, Limited, Gravesend.
STOCKDALE, STANLEY REGINALD ...	...	Parr's Bank, Ltd., Waterloo, Liverpool.
STOCKDALE, SYDNEY ROBERT ...	...	Union Bank of Manchester, Limited, West Gorton, Manchester.
STONE, ARTHUR GEORGE ...	...	Wilts and Dorset Bank, Ltd., Portsmouth.
STONE, LEONARD ...	...	Crédit Lyonnais, 40, Lombard Street, E.C.
STONEHOUSE, HARRY ...	...	Manchester and Liverpool District Bank, Limited, Blackburn.
STORY, JAMES ARNOLD ...	...	Union Bank of Manchester, Limited, Oldham.
SURPLICE, HERBERT EDWARD ...	...	London City and Midland Bank, Limited, New Street, Birmingham.
SUTTON, JOHN WILLIAM ...	...	London City and Midland Bank, Limited, Commutation Row, Liverpool.
SUTTON, RUPERT EDWARD ...	...	Northamptonshire Union Bank, Limited, Northampton.
SWIFT, WILFRID HAROLD ...	...	Parr's Bank, Limited, 22, Castle Street, Liverpool.
SWINDELLS, FREDERICK ARTHUR ...	...	London City and Midland Bank, Limited, Swan Street, Manchester.
TAMLYN, FREDERICK ARTHUR ...	...	London and Provincial Bank, Limited, 108, Queen's Gate, S.W.
TAYLOR, HARRY ...	...	Manchester and County Bank, Limited, Hotel Street, Bolton.
TAYLOR, ROBERT CLARK ...	...	Barclay and Company, Limited, Collingwood Street, Newcastle-on-Tyne.
TEMPLE, ROBERT ...	...	Capital and Counties Bank, Limited, 28, Fleet Street, E.C.
TERRELL, EDWARD BANFIELD ...	...	Capital and Counties Bank, Limited, Llandilo, South Wales.
THOMAS, JOE JOHNSON ...	...	Lloyds Bank, Limited, Merthyr Tydfil.
THOMAS, ROBERT GWILYM ...	...	Capital and Counties Bank, Limited, Cardiff.
THOMLINSON, CHARLES HUBERT ...	...	Halifax Commercial Banking Company, Limited, 14, Park Row, Leeds.
THOMPSON, ERNEST JAMES ...	...	London and South Western Bank, Ltd., 170, Fenchurch Street, E.C.

PRELIMINARY EXAMINATION—*continued.*

THORPE, FRANCIS	York City and County Bank, Limited, Ripon.
TIDY, WILLIAM JOHN	Barclay and Company, Limited, Tunbridge Wells.
TINDALL, REGINALD THOMPSON...	Barclay and Company Limited, Hull.
TODD, ARTHUR LANDON THOMAS	Clydesdale Bank, Limited, 30, Lombard Street, E.C.
TOON, WALTER SIDNEY	London and South Western Bank, Ltd., Chiswick, W.
TOPE, ERNEST JOHN	London and South Western Bank, Ltd., Dartmouth Road, Forest Hill, S.E.
TOULMIN, VINCENT FERRIS ...	Stamford, Spalding and Boston Bank, Limited, Lincoln.
TOWNS, ARTHUR	North Eastern Bank, Limited, Hexham-on-Tyne.
TRIPHOOKE, OWEN LEECH... ..	Lloyds Bank, Limited, Canterbury.
VAWSE, THOMAS EDMUND ...	National Provincial Bank of England, Limited, Bury St. Edmunds.
VENABLES, FRANCIS GORDON ...	Parr's Bank, Limited, Dingle Branch, Liverpool.
VERNON, WILLIAM OSWALL ...	Parr's Bank, Limited, Macclesfield.
WAITES, GEORGE FRANK HARGREAVES	Manchester and County Bank, Limited, Piccadilly, Manchester.
WALDEON, WILLIAM WOOD ...	Lloyds Bank, Limited, Birmingham.
WALKER, HERBERT	Parr's Bank, Limited, Hoylake.
WALMSLEY, WILLIAM VERNON ...	Lancashire and Yorkshire Bank, Limited, 43, Spring Gardens, Manchester.
WALSH, KENDRICK	Parr's Bank, Limited, Castletown, Isle of Man.
WALTER, PERCY EDWARD HEATH	Messrs. Gillett & Co., Oxford.
WALTERS, FRANCIS JAMES ...	London and Provincial Bank, Limited, Mortlake.
WALTON, HAROLD WEAVER ...	Manchester and County Bank, Limited, Withy Grove, Manchester.
WARD, FRANK	Barclay and Company, Limited, 54, Lombard Street, E.C.
WARD, JOHN FREDERICK ...	London City and Midland Bank, Limited, New Street, Birmingham.
WARD, WILLIAM	London and County Banking Company, Limited, 180, Shoreditch, E.
WARR, HERBERT CHARLES ...	Chartered Bank of India, Australia and China, Hatton Court, E.C.
WARRACK, ANDREW NOEL ...	Chartered Bank of India, Australia and China, Hatton Court, E.C.
WEBB, HARRY FREDERIC ...	London and South Western Bank, Ltd., Watford.
WERREN, JOHN HENRY	London and Provincial Bank, Limited, Richmond, Surrey.
WHARRIE, ERNEST ALBERT ...	Manchester and Liverpool District Banking Company, Limited, Liverpool.
WHATLEY, THOMAS LAWSON DOWDESWELL	Capital and Counties Bank, Limited, Kettering.
WHEELER, JOHN EDWARD ...	London City and Midland Bank, Limited, Smithfield, Birmingham.
WHIDBORNE, CHARLES HOBSON...	Lloyds Bank, Ltd., Tunbridge Wells.

PRELIMINARY EXAMINATION—*continued.*

WIDGERY, PHILIP HENRY	...	Williams Deacon's Bank, Limited, 20, Birch Lane, E.C.
WILKINSON, ERNEST WIGHTMAN	...	Lloyds Bank, Ltd., Whitechurch, Salop.
WILLGOOSE, HERBERT LOWE	...	Manchester and County Bank, Limited, St. Helen's.
WILLIAMS, ARTHUR EUSTACE	...	National Provincial Bank of England, Limited, Middlesbrough.
WILLIAMS, HAROLD EDWARD	...	Standard Bank of South Africa, Limited, Clement's Lane, E.C.
WILLIAMS, JOHN	...	Wilts and Dorset Bank, Ltd., Bath.
WILLIAMS, JOHN REES	...	North and South Wales Bank, Limited, Ruthin.
WILLIAMS, JOSEPH HARRY	...	Parr's Bank, Ltd., High Holborn, W.C.
WILLIAMS, WILLIAM ARTHUR	...	Manchester and Liverpool District Banking Co., Ltd., Water Street, Liverpool.
WILLIAMSON, FRANK LEONARD	...	Lancashire and Yorkshire Bank, Limited, Radcliffe.
WILLIAMSON, HARRY	...	Manchester and County Bank, Limited, Stalybridge.
WILSON, BALDWIN	...	Bank of Liverpool, Ltd., Ambleside.
WILSON, GEORGE FREDERIC	...	Metropolitan Bank (of England and Wales), Limited, Shipston-on-Stour.
WILSON, RONALD FARRIMOND	...	Parr's Bank, Limited, St. Helens.
WILTON, GEORGE ASHBURNER	...	Parr's Bank, Limited, Widnes.
WOOD, HARRY RAPLEY	...	London City and Midland Bank, Limited, 165, High Road, Kilburn, N.W.
WOOD, JOSEPH JACKSON	...	London and County Banking Company, Limited, 21, Lombard Street, E.C.
WOOD, WALTER THOMAS	...	London City and Midland Bank, Limited, Brierley Hill, Staffs.
WOOD, YORKE	...	Wilts and Dorset Bank, Limited, Torquay.
WOOLMER, EDWARD	...	Williams Deacon's Bank, Ltd., Rochdale.
WORT, ROBERT JOHN	...	London and Provincial Bank, Limited, Richmond, Surrey.
WEAGG, EDWARD	...	Sheffield Banking Company, Limited, Rotherham.
WRIGHT, HERBERT NEVILLE	...	Union Bank of Manchester, Limited, Burnley.
WRIGHTON, HENRY	...	London City and Midland Bank, Limited, High Street, Sheffield.
WYATT, CHARLES DUMELLA	...	Wilts and Dorset Banking Company, Limited, Christchurch, Hants.
YOUNG, PHILIP HARRY	...	London and County Banking Company, Broadway, Deptford, S.E.

FRENCH, FINAL.

ALLWRIGHT, EDGAR	...	Parr's Bank, Limited, 166, High Street, Camden Town, N.W.
BAINES, JOSEPH	...	National Bank, Limited, Notting Hill Gate, W.
BARTHOLOMEW, EDWARD ERNEST	...	London and County Banking Company, Ltd., 21, Lombard Street, E.C.
BECKWITH, RICHARD	...	York City and County Bank, Limited, Thirsk.

FRENCH—FINAL EXAMINATION—*continued*.

BROUGHTON, GEORGE	...	...	London City and Midland Bank, Limited, Skipton.
CHAWNER, HENRY	...	...	Bank of Liverpool, Limited, Toxteth, Liverpool.
DAVIES, AMOS	...	...	London City and Midland Bank, Limited, Market Street, Manchester.
GOODDEN, JOHN BERNHARD HARBIN	...	...	Stuckey's Banking Company, Limited, Weymouth.
GOWTHORPE, ERIC GEORGE CECIL	...	...	Union of London and Smiths Bank, Ltd., Halifax.
HERRIES, MAITLAND STEWART	...	...	London City and Midland Bank, Limited, Market Street, Bradford.
*HORSFIELD, ERNEST	...	...	Lancashire and Yorkshire Bank, Limited, Whitefield, near Manchester.
JARVIS, EDWIN JAMES	...	...	London City and Midland Bank, Limited, Southampton.
KEOGH, JOHN WILLIAM	...	...	London Joint Stock Bank, Limited, 5, Princes Street, E.C.
NEEDHAM, GEORGE BROOME	...	...	Sheffield and Rotherham Joint Stock Bank, Limited, Buxton.
OATES, HERBERT	...	...	Halifax Commercial Banking Company, Limited, Halifax.
OLDFIELD, WILLIAM AITKEN	...	...	York City and County Bank, Limited, Doncaster.
OWENS, GORDON	...	...	North and South Wales Bank, Limited, Bootle.
ROBERTS, HUGH ALEXANDER EUSTACE	...	...	Union of London and Smiths Bank, Ltd., Bedminster.
ROSE, ALEXANDER SHINTON	...	...	London City and Midland Bank, Limited, Bedford.
ROUTH, FRANK REGINALD	...	...	Messrs. Glyn, Mills, Currie & Co., 67, Lombard Street, E.C.
SCHOLFIELD, ALFRED	...	...	Parr's Bank, Ltd., Atherton, Lancs.
SHUTTLEWORTH, WALTER HENRY	...	...	National Provincial Bank of England, Limited, Bromyard.
STACKHOUSE, CYRIL	...	...	York City and County Bank, Ltd., Leeds.
STYLES, JOHN FRANCIS GEORGE	...	...	London and Provincial Bank, Limited, Wood Green, N.
WEBSTER, GEORGE ELLIOT	...	...	National Provincial Bank of England, Limited, Hanley.
WOOLVEN, SYDNEY WILFRED	...	...	Union Bank of Manchester, Limited, Castle Street, Liverpool.
YOUNG, ARTHUR	...	...	Lancashire and Yorkshire Bank, Ltd., Miles Platting.

* Winner of the Gwyther Prize for French.

GERMAN, FINAL.

BROWN, WILLIAM MENDELSSOHN	Capital and Counties Bank, Limited, Marlborough.
DEAN, FRANK STANLEY	Bradford Old Bank, Limited, Otley.
KERR, JOHN ISIDORE D'ARCY	Ulster Bank, Limited, Waring Street, Belfast.

LEGAL DECISIONS AFFECTING BANKERS.

HOUSE OF LORDS.

(Before the Lord Chancellor, Lord Davey, and Lord Robertson.)

THE LORD MAYOR, &c., OF SHEFFIELD *v.* BARCLAY AND OTHERS.

Times, July 4th, 1905.

THIS was an appeal from a judgment of the Court of Appeal (Lords Justices Vaughan Williams, Romer, and Stirling) dated August 11th, 1903, which reversed a judgment of the Lord Chief Justice dated October 27th, 1902, in an action wherein the appellants were plaintiffs and the respondents were defendants. The Lord Chief Justice adjudged that the appellants should recover from the respondents £10,471 5s. 11d. and certain costs. The arguments were heard on December 1st, 2nd, and 8th last, when their Lordships reserved their decision. They have this morning reversed the decision of the Court of Appeal and restored that of the Lord Chief Justice. The hearing in the Court of Appeal is reported in 19 *The Times* L.R., 714; L.R., 1903, 2 K.B., 580; 72 *L.J.*, K.B., 777. The case involved the question, constantly arising in various forms, which of two innocent persons should suffer from the fraud of a third. The problem has not infrequently been brought before the Courts in connexion with transactions similar to those in the present litigation, and the authorities in Courts of first instance and of appeal are not easy to reconcile with each other. In this instance a signature to a transfer of stock was forged. An innocent purchaser produced the forged transfer and requested registration of the stock in his name. The corporation whose stock it was acceded to the request, but were compelled to make good the value of the stock to the true owner. The decision of the tribunals was sought, and the final judgment is that the purchaser and not the corporation must bear the loss. The facts are stated in the judgments.

Mr. Danckwerts, K.C., Mr. Eldon Bankes, K.C., and Mr. H. T. Waddy were counsel for the appellants; Mr. Haldane, K.C., and Mr. F. R. Y. Radcliffe, K.C., for the respondents.

THE LORD CHANCELLOR.—My Lords, in this case two persons, Timbrell and Honnywill, were joint owners of corporation stock created under a local Act of Parliament. Timbrell, in fraud of Honnywill, forged a transfer of the stock, and borrowed money on the security of the stock which the transfer was supposed to

have transferred. A bank which lent the money sent the transfer to the proper officer of the corporation, and demanded, as they were entitled to do, if the transfer was a genuine one, that they should be registered as holders of the stock. The corporation acted upon their demand; they transferred the stock into the names of the bank, and the bank in ordinary course transferred it to holders for value. The corporation also, in ordinary course, issued certificates, and the holders of these certificates were able to establish their title against the corporation, who were estopped from denying that those whom they had registered were the stockholders entitled. Honnywill, after the death of Timbrell, discovered the forgery that had been committed, and compelled the corporation to restore the stock, and the question in the cause is whether the corporation has any remedy against the bank who caused them to act upon a forged transfer, and so render themselves liable to the considerable loss which they have sustained. Now, apart from any decision upon the question (it being taken for granted that all the parties were honest), I should have thought that the bank were clearly liable. They have a private bargain with a customer. Upon his assurance they take a document from him as a security for a loan, which they assume to be genuine. I do not suggest there was any negligence—perhaps business could not go on if people were suspecting forgery in every transaction—but their position was obviously very different from that of the corporation. The corporation is simply ministerial in registering a valid transfer and issuing fresh certificates. They cannot refuse to register, and though for their own sake they will not and ought not to register or to issue certificates to a person who is not really the holder of the stock, yet they have no machinery, and they cannot inquire into the transaction out of which the transfer arises. The bank, on the other hand, is at liberty to lend their money or not. They can make any amount of inquiries they like. If they find that an intended borrower has a co-trustee, they may ask him or the co-trustee himself whether the co-trustee is a party to the loan, and a simple question to the co-trustee would have prevented the fraud. They take the risk of the transaction and lend the money. The security given happens to be in a form that requires registration to make it available, and the bank “demand,” as, if genuine transfers are bought, they are entitled to do, that the stock shall be registered in their name or that of their nominees, and are also entitled to have fresh certificates issued to themselves or nominees. This was done, and the corporation by acting on this “demand” have incurred a considerable loss. As I have said, I think if it were *res integra* I should think the bank were liable; but I do not think it is *res integra*, but is covered by authority. In “*Dugdale v. Lovering*” (10 C.P., 196), Mr. Cave, arguing for the plaintiff, put the proposi-

tion thus:—"It is a general principle of law when an act is done by one person at the request of another, which act is not in itself manifestly tortious to the knowledge of the person doing it, and such act turns out to be injurious to the rights of a third party, the person doing it is entitled to an indemnity from him who requested that it should be done." This, though only the argument of counsel, was adopted and acted upon by the Court, and I believe it accurately expresses the law. Qualifications have been constantly introduced into the discussion which I think have led to some confusion; they are not really qualifications of the principle here enunciated at all, but the expression of principles which would render the application of the principle in question erroneous. One is that there is no right of contribution between *tort feasons*, and the other is to distinguish the right insisted upon from the ordinary remedy in damages against a person who has caused injury by intentional falsehood. Neither of these questions has any relation to what is here in debate. The principle insisted upon by Mr. Cave in his argument quoted above has been undoubtedly sanctioned as part of the law by several old decisions, and I think the principle as enunciated is well established. With respect to the case of the sheriff quoted in the Court of Appeal, I think it has been overlooked that the sheriff was executing a genuine writ, and the information he received was given to him to aid him in the execution of the office which by law he was bound to execute, and the information (for it was no more) was given to him in good faith; but can anyone suppose that, if anyone brought a forged writ, and called upon the sheriff to execute it, such person would not be liable to indemnify the sheriff? I cannot think there would be any doubt on that subject, but the genuineness or otherwise of the document that the corporation were called upon to give effect to made the whole difference, and I think both upon principle and authority the corporation are entitled to recover, and I move your Lordships accordingly.

LORD DAVEY:—My Lords, the appellants are suing the respondents upon an implied contract to indemnify them against the liability which has been incurred by them in these circumstances. On April 11th, 1893, the respondents, Barclay and Co. (Limited), forwarded to the appellants a transfer of Sheffield Corporation Stock purporting to be executed by two persons named Timbrell and Honnywill, who were the registered holders of the stock, in favour of the respondent Barclay, with a request to the appellants to register the name of the last-named respondent and forward new certificates in due course. The appellants acted upon this request, and granted a new certificate to the respondent Barclay, who afterwards transferred the stock for value to third

parties. The names of Barclay's transferees were registered in due course, and it is admitted that they obtained a good title against the appellants. All parties believed that the signatures to the transfer from Timbrell and Honnywill were genuine, but, in fact, Honnywill's signature had been forged by Timbrell. It was not, however, until 1899, after Timbrell's death, that Honnywill discovered the fraud, and he thereupon brought an action against the present appellants for rectification of the register and other relief, and recovered judgment against the appellants, under which they have incurred a large liability. On these facts the Lord Chief Justice, who tried the action, has held that the appellants are entitled to be indemnified by the respondents against the liability they have incurred, but his judgment has been reversed by the Court of Appeal. Before referring to the numerous authorities which have been cited, I will first state the grounds upon which I have come to the conclusion that the Lord Chief Justice was right and his judgment should be restored. Not much turns upon the particular provisions in the corporation's private Act of 1883 as to the transfer of their debenture stock or the keeping of the register or the issue of certificates of title. They for the most part follow the lines of the similar provisions in the Companies Clauses Act. I think that the appellants have a statutory duty to register all valid transfers, and on the demand of the transferee to issue to him a fresh certificate of title to the stock comprised therein. But, of course, it is a breach of their duty and a wrong to the existing holders of stock for the appellants to remove their names and register the stock in the name of the supposed transferee if the latter has in fact no title to require the appellants to do so. And it makes no difference that the appellants were not aware of the invalidity of the transfer or could not with reasonable diligence have discovered it. I am further of opinion that where a person invested with a statutory or common law duty of a ministerial character is called upon to exercise that duty on the request, direction, or demand of another (it does not seem to me to matter which word you use), and without any default on his own part in a manner which is apparently legal, but is in fact illegal and a breach of the duty, and thereby incurs liability to third parties, there is implied by law a contract by the person making the request to keep indemnified the person having the duty against any liability which may result from such exercise of the supposed duty. And it makes no difference that the person making the request is not aware of the invalidity in his title to make the request. I think that this is the broad principle to be deduced from such cases as "*Humphrys v. Pratt*" (5 Bl. N.S., 154), "*Betts v. Gibbins*" (2 Ad. and E., 57), "*Toplis v. Grane*" (5 Bing. N.S., 636), and the other cases which have been cited. In "*Humphrys v. Pratt*" the reasons for

the judgment in this House are unfortunately not stated in the report, but in commenting on that case in "*Collins v. Evans*" (5 Q.B., 820, at p. 829) Chief Justice Tindal says:—"The declaration states that the judgment creditor pointed out the goods, and required the sheriff to take them. He made the sheriff his mandatory or agent for the purpose of taking the goods by the sheriff, acting innocently in obedience upon by the Court, commits a trespass there is no doubt by the law. Qualifications have in that position, whether the sheriff can or not, may recover over against his master or principal the same as he has been obliged to pay in consequence of obeying at all directions." In "*Toplis v. Grane*" the same Judge applied referring to the evidence in the case, says:—"We think the evidence brings the case before us within the principle laid down by the Court of Queen's Bench in '*Betts v. Gibbins*,' that where an act has been done by the plaintiff under the express directions of the defendant which occasions an injury to third parties, yet, if such act is not apparently illegal in itself, but is done honestly and *bonâ fide* in compliance with the defendant's directions, he shall be bound to indemnify the plaintiff against the consequences thereof." In "*Collins v. Evans*," on the other hand, the sheriff was entrusted with the execution of a writ of *ca. sa.* against one John Wright, and the defendant pointed out to him a person of the same name as the person liable, and the sheriff acted on the representation and incurred liability. It was held that the defendant was not liable to indemnify the sheriff, because he had merely made an innocent representation to the sheriff, but had not required the sheriff to act upon such representation and had left him to his own discretion whether he would act upon it or not. It has been said that the principle of these decisions only applies to cases between principal and agent and employer and *employé*, and the language of Chief Justice Tindal, in his comment on "*Humphrys v. Pratt*," gives some colour to that suggestion. I am not, however, of that opinion, and the contrary was decided in "*Dugdale v. Lovering*" (10 C.P., 196). It may be that the language of Chief Justice Tindal was not so felicitous as it usually was; but his meaning is plain that the liability to indemnify the sheriff arose from his having acted in supposed execution of his duty at the request and by the direction of the creditor. In some cases it is a question of fact whether the circumstances are such as to raise the implication of a contract for indemnity, but in cases like the one now before your Lordships, when a person is requested to exercise a statutory duty for the benefit of the person making the request, I think that the contract ought to be implied. It matters not to the corporation whether A or B is the holder of stock, but to the purchaser who has paid his purchase money or the banker who has lent money on the security of the stock it is of vital interest. The

Court of Appeal distinguished the sheriff's cases on the ground that the request was to execute his duty in a particular manner. In the cases in question that was so. But I think the argument *hæret in cortice*, and is neither logical nor maintainable. It is difficult to imagine a case where a person should innocently request the sheriff to execute a writ which, though apparently regular, is in fact fictitious or invalid. If such a case be possible, it would come within the exact words of Chief Justice Tindal, and I entertain no doubt that the person presenting the writ would be held liable to indemnify the sheriff. It does not seem to matter at what stage of the transaction the request to do an act which turns out to be outside the officer's duty is made. In the present case, as pointed out by Mr. Justice Lindley, the appellants ran no real risk until they issued the new certificate on the demand of the respondents. The judgment of the learned Judges in the Court of Appeal seems to be based mainly on three grounds—(1) the decision of Lord Lindley (then Mr. Justice Lindley) in "*Anglo-American Telegraph Company v. Spurling*" (5 Q.B.D., 188); (2) that there was no consideration for the alleged contract of indemnity; (3) that the contract—if any—to be implied from the circumstances was a warranty of their title by the transferees and not a contract of indemnity. The cases of "*Sim v. Anglo-American Telegraph Company*" and the "*Anglo-American Telegraph Company v. Spurling*" were an action and cross-action which arose out of a forged transfer of some of the company's stock and were heard together. The first action was by the persons claiming under the forged transfer against the company for damages for wrongful removal of their names from the register on discovery of the fraud, and the cross-action was by the company against the persons who had brought in the forged transfer for registration for an indemnity. The learned Judge decided the first action in favour of the plaintiffs. He also decided the cross-action against the company. With regard to the transferor, he said:—"Supposing that he knows nothing wrong about it, are the company entitled to say to him, 'We assume from the fact that you bring this transfer to us that it is a genuine document?' I apprehend that they are not entitled to say so to him. They are only entitled to say to him, 'We assume that you come honestly to us and that you do not know that anything is amiss with regard to the transaction.'" The learned Judge then stated his views as to the duties of the company as follows:—"It appears to me that a duty is thrown on the company to look to their own register, which involves, of course, the looking after transfers of stock or shares standing in the names of persons on the register, and that duty the company owe to those who come with transfers, and I do not see any corresponding or conflicting duty on the part of the person who brings the transfer, except, of course,

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that of bringing what he believes to be an honest document. I think the true view is this, that there being no negligence, on the score of want of care on either side, but there being a duty on the part of the company to keep the register correct and themselves to look after the transfers between innocent parties, the loss must fall on the company." There was an appeal in both cases, and the decision in the first action was reversed, but counsel for the Telegraph Company did not proceed with the appeal in the cross-action, because if they succeeded in the first appeal the Telegraph Company had not suffered any damage. My Lords, I am of opinion that the case of "*Spurling v. Anglo-American Telegraph Company*" was also wrongly decided by Mr. Justice Lindley, and I respectfully dissent from both the propositions laid down by him and adopted by the Court of Appeal in the present case. I dissent from the proposition that a person who brings a transfer to the registering authority and requests him to register it makes no representation that it is a genuine document, and I am disposed to think (though it is not necessary to decide it in the present case) that he not only affirms it is genuine but warrants that it is so. I think that this is the result of the decision in "*Oliver v. Bank of England*" (1902, 1 Ch., 610), affirmed in this House under the name of "*Starkey v. Bank of England*" (1903, A.C., 114). It may be argued with some force that for this purpose no solid distinction can be made between the power of attorney through which the transfer of consols is effected and the deed of transfer in the present case. Each of these instruments, it may be said, is put forward as evidence of the authority with which the person making the application professes to be clothed to request the removal of the stockholder's name and the substitution of another name in his place. But however this may be, it is enough for decision of this appeal to say that the deed of transfer was put forward as a genuine document, and the appellants were invited to act upon it as such. I am also of opinion that the authority keeping a stock register has no duty of keeping the register correct, which they owe to those who come with transfers. Their only duty (if that be the proper expression) is one which they owe to the stockholders who are on the register. This point was decided by all the learned Judges who took part in the decision of the first case of "*Sim v. Anglo-American Telegraph Company*." I will content myself with quoting the language of Lord Justice Cotton:—"The duty of the company is not to accept a forged transfer, and no duty to make inquiries exists towards the person bringing the transfer. It is merely an obligation upon the company to take care that they do not get into difficulties in consequence of their accepting a forged transfer, and it may be said to be an obligation towards the stockholder not to take the stock out of his name unless he

has executed a transfer; but it is only a duty in this sense—that unless the company act upon a genuine transfer they may be liable to the real stockholder.” True it is that the appellants, following what is now the usual practice, gave notice of the transfer which had been brought in to the persons named as transferors, but they had no duty to do so, and it was done merely for their own protection. Experience in these cases shows, however, that it is a very poor protection. Lord Justice Stirling held that the mere performance of a duty imposed by law upon anyone holding a definite legal position does not constitute a consideration sufficient to support a promise to him by the person to whom the duty is owed. But, with great respect to that very careful Judge, he overlooked that this very point was involved in the decision of the case of “*Oliver v. Bank of England*.” Lord Justice Vaughan Williams quoted and commented upon the passage from the judgment of Mr. Justice Wills in “*Collen v. Wright*,” where he says:—“The fact of entering into the transaction with the professed agent as such is good consideration for the promise.” And it did not occur either to the learned counsel, who argued the case with great pertinacity, or to any of the learned Judges in the Court of Appeal or the noble Lords in this House to question that the acting by the Bank of England on the demand of the supposed attorney was not a good consideration for the promise by him to warrant the genuineness of the power which they held to be established. Lastly, it was said by Lord Justice Romer that this is not an action on a warranty, and that a warranty and a contract of indemnity are distinct, one important difference being the period from which the Statute of Limitations would run. That, of course, is so, and the appellants admit that if they were suing on the warranty their action would be out of time. But I can see no legal reason why, in circumstances like those of the present case, it should not be held, if necessary, that the true contract to be implied from those circumstances is not only a warranty of the title but also an agreement to keep the person in the position of the appellants indemnified against any loss resulting to them from the transaction. And I think that justice requires we should so hold. I agree with the Lord Chief Justice that as between these two innocent parties the loss should be borne by the respondents, who caused the appellants to act upon an instrument which turned out to be invalid. I am, therefore, of opinion that the appeal should be allowed and the judgment of the Lord Chief Justice restored, with costs here and below.

LORD ROBERTSON concurred.

QUESTIONS ON POINTS OF PRACTICAL INTEREST.

THE Council desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The Council wish, however, to point out that they cannot undertake to answer purely legal questions or to give any opinion on points of law.

The following questions have been received, and answers are appended, which, after careful deliberation, the Council have approved :—

“QUESTIONS ON BANKING PRACTICE,” 5TH EDITION. No. 1.

Presentation of Bill of Exchange—Tender of Part Payment.

The Council having been asked to express the grounds upon which their answer to this question is based, and whether the custom of bankers to refuse part payment is supported by any legal decision, it was resolved to take the opinion of Counsel, which is accordingly appended.

QUESTION.—Banker A receives from his customer (or another bank through the post) a bill of £20 domiciled with Bank C in the same town. The bill is duly presented at maturity, and C tenders £16 in part payment, and marks the bill, “the balance, £4, is promised to-morrow.” Ought A to refuse the amount tendered, or, in the interest of his customer, to receive it?

Opinion.

Provided no further time is given to the acceptor and no further security taken from him, so as to discharge other parties to the bill, I consider that acceptance of part payment involves no risk on the holder or the banker acting as his agent. Indeed, it would seem the advisable course to adopt. In “*Gould v. Robson*,” 8 East, at p. 580, Lord Ellenborough says :—“As to the taking part payment, no person can object to it, because it is in aid of all the others who are liable upon the bill.” See also “*Chitty on Bills*,” 11th edit., p. 303; “*Storey on Bills*,” sec. 436. The bill should not be given up, it should be noted for the unpaid balance and notice of dishonour must be given, which might state

that the bill was dishonoured by non-payment of the specified portion of the amount. The effect is that the bill is discharged only *pro tanto*.

(Signed) J. R. PAGET, K.C.

Temple, June 5th, 1905.

Domiciled Bills—Duty of Bankers.

QUESTION 2033.—Does a country banker incur any liability in refusing to pay bills domiciled with him by a customer, otherwise than in the case where arrangements have been made to pay such bills on presentation?

ANSWER: The custom of bankers is to honour the customer's signature, whether on a bill or a cheque, but the Solicitors to the Institute are of the following opinion:—

SOLICITORS' OPINION: "No. The relation of banker and customer does not, of itself, and apart from other circumstances, impose upon a banker the duty of paying his customer's acceptances If a banker undertakes the duty of paying his customer's acceptances, the arrangement is the result of some special agreement, express or implied." (*Per Lord Macnaghten, "Bank of England v. Vagliano Brothers." Law Reports, 1891, A.C., at page 157.*)

Bill of Exchange—Irregular Acceptance.

QUESTION 2034.—Referring to the answer to Question 2021, a three months' bill is drawn upon Messrs. White & Co., and accepted thus:—"Accepted payable at Blankshire Bank, Camford, B. White."

Would the Blankshire Bank be justified in returning the acceptance with the answer "Irregularly drawn," their customer, B. White, having funds to meet it when due?

ANSWER: No. Although the acceptance in question is irregular, the Blankshire Bank would not be justified in returning their customer's acceptance.

Documentary Bill—Right of Drawer to Retire.

QUESTION 2035.—A bill at three months is drawn abroad on a London firm, with shipping documents for goods attached. The contract under which the bill was created provided that the docu-

ments were to be surrendered on payment of the bill at or before maturity, and the letter of hypothecation between the drawer and the collecting bank had a similar provision.

After the bill is accepted, but before payment, the drawer, believing the accepting firm to be in difficulties, wishes to obtain possession of the goods, which are of more value than the draft. He accordingly instructs the collecting banker to retire the bill and hand the documents to the drawer's agents.

(1) Had the drawer, after due acceptance by drawees, any right to retire the bill, the acceptors not having committed any act of bankruptcy?

(2) Would the collecting banker be liable to the acceptors for surrendering the documents to the drawer?

ANSWER: (1) No.

(2) The collecting banker would not be liable to the acceptors.

Joint Account—Statute of Limitations.

QUESTION 2036.—In the case of a joint account in several names, with a dormant overdraft, would payments to credit by one of their number keep the debt alive as against the others?

ANSWER: Yes.

Banker's Draft—Right to Stop Payment.

QUESTION 2037.—X, the customer of a branch bank, obtains a draft drawn by the latter upon their Head Office. He pays this to Z in settlement of a purchase, but, before presentation of the draft, X discovers that material facts have been withheld by Z which may constitute a fraud. He asks the banker to stop payment of the draft. Will the banker incur any liability to Z by doing so?

ANSWER: The banker would be liable on his own draft. The question of obtaining money by fraud would have to be settled between X and Z.

Act of Bankruptcy.

QUESTION 2038.—Jones has a credit balance with his bankers. On a certain day a circular is brought to the banker's notice, issued on behalf of Jones, and calling a meeting of his creditors. The circular is worded, "being unable to meet his business engagements." Does this constitute an act of bankruptcy? If so, what answer should the banker give when returning Jones's cheques?

ANSWER: In accordance with the decision in the case of "Crook v. Morley" (H.L. (E.), 1891), such a circular would constitute an act of bankruptcy. The answer on the cheque should be "Refer to drawer."

Return of Cheques after Payment.

QUESTION 2039.—May a banker, receiving a banker's payment in exchange for his "charge," consider such payment final, and advise his customer or branch office that any cheque included in the "charge" is paid? In the event of the paying banker sending a cheque back before the close of business with a request for the amount to be refunded, can the collecting banker refuse to make repayment?

ANSWER: Such payment is final, and the presenting banker is justified in refusing to take back a cheque after receipt of a banker's payment, except under very special circumstances.

Cheques crossed "a/c Payee"—Liability of Banker.

QUESTION 2040.—Referring to "Questions on Banking Practice," 5th edit., No. 890 (b), would the banker's position be altered by the fact that the cheques were crossed "a/c payees"?

ANSWER: No.

Non-transferable Bill of Exchange—Discount by Banker.

QUESTION 2041.—John Jones offers to his banker for discount a bill payable to "John Jones only." Would the banker incur any special risk by discounting such a bill?

ANSWER: The word "only" after the payee's name indicates an intention that the bill should not be transferable (*see* Bills of Exchange Act, 1882, Sec. 8 (1)), and it is therefore not a negotiable instrument.

Marked Cheque—Payment stopped before Presentation.

QUESTION 2042.—The X Clearing Bank, after 4 o'clock, asks the Z Clearing Bank to mark a cheque for payment the next day. Before the cheque can be presented, payment is stopped by the drawer. Is the Z Bank obliged to pay the cheque?

ANSWER: Yes.

Cheque to "Cash or Order"—Endorsement.

QUESTION 2043.—A cheque payable to "Cash or order" is presented for payment without endorsement. Should it be paid? If not, what endorsement is required?

ANSWER: It would usually be paid, if of a reasonable amount, but discretion should be used in exceptional cases, and it might be returned with the answer "Irregularly drawn."

Bill returned with Answer "Effects not cleared"—Re-presentation.

QUESTION 2044.—Jones has an overdrawn account of £200. He pays in a cheque of £100 for his credit, but on the same day an acceptance of his for £100 is presented, and returned with the answer "effects not cleared."

In due course, the effects being cleared, and no other draft having been paid in the meanwhile, the acceptance is re-presented. Would the bank, under any circumstances (such, for instance, as the acquirement of fresh knowledge to the detriment of Jones), be justified in refusing payment thereof, or would the previous answer, "effects not cleared," necessitate the payment of the acceptance?

ANSWER: The answer, "effects not cleared," does not imply a promise to pay the cheque upon re-presentation, and the bank would be justified in refusing payment.

BANKERS' CLEARING HOUSE.

At a Meeting of London Clearing Bankers, held on July 6th, 1905, Mr. R. Martin Holland was unanimously elected Honorary Secretary, in place of Mr. J. Herbert Tritton, resigned.

THE USE OF CROSSED CHEQUES.

The attention of members is drawn to the following copy of a resolution passed at a Meeting of the Council of the Institute, on September 20th, 1905:—

"That the Council of the Institute of Bankers desire to
"express their opinion that the use of books of cheques
"printed with the crossing '& Co.' should be encouraged,
"as tending to the prevention of fraud and the protection
"of bankers."

1905.

BANKERS' WEEKLY CIRCULATION RETURNS.

*Pursuant to the Act 7 & 8 Victoria, c. 32.**(Extracted from the London Gazette.)*

PRIVATE BANKS.

NAME OF BANK.	Author- ised Issue.	AVERAGE AMOUNT.							
		1905. Mar. 18.	1905. Mar. 25.	1905. April 1.	1905. April 8.	1905. April 15.	1905. April 22.	1905. April 29.	1905. May 6.
Abury Bank	43,457	3,859	3,817	3,700	3,804	3,808	3,646	3,681	3,509
Adford Bank.....	34,218	9,780	9,723	10,253	10,630	10,191	10,381	10,117	9,932
cester and Oxford- shire Bank	27,080	9,360	9,645	9,532	9,325	9,319	9,238	9,059	8,954
ington & Radnor- shire Bank	26,050	9,593	11,046	10,959	10,776	11,085	11,067	10,706	10,228
eds Old Bank.....	130,757	29,425	29,346	30,816	31,685	31,773	31,900	31,428	31,507
andoverly Bank and Llandilo Bank.....	32,945	6,189	6,740	6,600	7,012	6,917	7,545	6,961	7,591
aval Bank, Plymouth.	27,321	2,075	2,147	2,180	2,269	2,326	2,152	2,155	2,085
ewmarket Bank.....	23,068	3,342	3,225	3,297	3,321	3,344	3,374	3,203	3,063
xfordshire Witney Bank	11,852	3,016	3,035	3,078	2,919	2,870	3,013	3,093	3,181
ading Bank—Sim- onds and Co.....	37,519	7,310	7,384	7,300	7,425	7,659	7,539	7,177	7,261
eafood and Newark Bank	51,615	7,420	7,362	7,595	8,105	8,311	8,162	7,882	8,285
allingford Bank	17,064	642	613	696	718	742	761	729	733
ellington Somerset Bank	6,528	2,297	2,234	2,257	2,521	2,527	2,480	2,397	2,512
est Riding Bank	46,158	12,277	12,148	12,742	13,271	12,725	13,051	12,914	12,396
orcester Old Bank ...	37,448	11,590	11,634	12,023	12,433	12,297	12,066	11,911	12,101
ork & East Riding Bank	53,392	32,409	32,562	32,611	34,128	34,605	34,900	35,335	34,962
TOTALS	656,512	150,584	152,661	155,619	160,372	160,299	161,165	158,748	158,330

BANKERS' WEEKLY CIRCULATION RETURNS.

*Pursuant to the Act 7 & 8 Victoria, c. 32.**(Extracted from the London Gazette).*

PRIVATE BANKS.

NAME OF BANK.	Author- ized Issue.	AVERAGE AMOUNT.							
		1905. May 13.	1905. May 20.	1905. May 27.	1905. June 3.	1905. June 10.	1905. June 17.	1905. June 24.	1905. July 1.
Banbury Bank	43,457	3,542	3,841	3,806	3,715	3,855	4,081	5,130	5,038
Bedford Bank.....	34,218	10,156	9,861	9,960	9,879	9,611	10,184	9,881	9,882
Bicester and Oxford- shire Bank	27,090	9,193	8,926	8,796	8,955	8,791	8,840	9,043	8,736
Kington and Radnor- shire Bank	26,050	10,757	11,905	11,143	10,366	10,497	9,941	9,450	9,027
Leeds Old Bank	120,757	31,563	31,944	30,396	30,006	30,610	29,563	29,139	29,899
Llandovery Bank and Llandilo Bank	32,945	9,746	9,242	8,930	9,102	9,021	8,895	8,410	7,964
Naval Bank, Plymouth	27,321	2,142	2,147	1,875	1,960	1,890	1,863	2,134	1,983
Newmarket Bank	23,068	3,284	3,267	3,168	3,126	3,065	3,145	3,062	3,043
Oxfordshire Witney Bank	11,852	3,050	3,071	2,718	2,679	2,960	3,043	3,177	3,096
Reading Bank—Sim- onds and Co.	27,519	7,215	6,950	7,087	7,112	7,155	6,961	6,778	7,035
Sleaford and Newark Bank	51,615	9,332	9,674	8,184	7,901	7,526	7,093	6,889	6,625
Wallingford Bank	17,064	906	835	815	760	735	703	695	667
Wellington Somerset Bank	6,528	2,463	2,459	2,259	2,227	2,215	2,029	2,212	2,444
West Riding Bank	46,158	12,218	11,917	11,331	11,117	10,970	10,816	10,563	11,146
Worcester Old Bank ...	87,448	12,243	11,583	11,440	11,728	11,373	11,121	11,315	10,915
York and East Riding Bank	53,392	35,110	34,928	33,831	33,222	32,806	32,881	32,896	34,551
TOTALS	656,512	162,920	162,350	155,529	153,855	153,130	151,129	150,754	149,653

BANKERS' WEEKLY CIRCULATION RETURNS.

*Pursuant to the Act 7 & 8 Victoria, c. 32.**(Extracted from the London Gazette).*

PRIVATE BANKS.

NAME OF BANK.	Author- ised Issue.	AVERAGE AMOUNT.							
		1905. July 8.	1905. July 15.	1905. July 22.	1905. July 29.	1905. Aug. 5.	1905. Aug. 12.	1905. Aug. 19.	1905. Aug. 26.
	£	£	£	£	£	£	£	£	£
Banbury Bank	43,457	5,080	4,585	4,119	3,989	4,921	4,606	4,514	4,330
Bedford Bank	34,218	10,300	10,051	9,711	9,576	9,583	9,636	9,540	9,570
Bicester and Oxford- shire Bank	27,090	8,782	8,490	8,365	8,313	8,668	8,728	8,659	8,367
Kington and Radnor- shire Bank	26,050	8,525	8,613	8,500	8,221	8,223	9,128	8,967	8,686
Leeds Old Bank	130,757	30,035	30,214	29,408	28,615	29,431	28,270	28,634	27,769
Llandoverly Bank and Llandilo Bank	32,945	7,764	7,662	7,247	6,872	6,937	6,051	6,367	7,010
Naval Bank, Plymouth	27,321	1,950	1,842	1,632	1,685	1,715	1,693	1,709	1,841
Newmarket Bank	23,098	2,984	3,003	3,098	3,006	3,148	3,138	3,102	3,105
Oxfordshire Witney Bank	11,852	3,218	2,953	3,035	2,911	3,044	3,159	3,150	2,929
Reading Bank—Sim- onds and Co.	37,519	7,259	7,427	7,259	7,350	7,525	7,493	7,439	7,170
Sheaford and Newark Bank	51,615	6,854	6,730	6,490	6,706	6,872	6,833	6,402	6,240
Wallingford Bank	17,064	653	688	735	640	599	560	528	515
Wellington Somerset Bank	6,528	2,366	2,605	2,553	2,573	2,478	2,472	2,478	2,533
West Riding Bank	46,158	11,587	11,151	10,848	10,968	11,281	10,733	10,075	10,071
Worcester Old Bank ..	87,448	10,699	10,276	10,027	9,655	9,680	9,749	9,972	9,855
York & East Riding Bank	53,392	32,372	31,461	30,860	31,560	29,885	30,150	29,128	28,371
TOTALS	656,512	150,428	147,751	143,887	142,660	143,970	142,399	140,064	138,362

JOINT STOCK BANKS.

NAME OF BANK.	Author- ised Issue.	AVERAGE AMOUNT.							
		1905. Mar. 18.	1905. Mar. 25.	1905. April 1.	1905. April 8.	1905. April 15.	1905. Apr. 22.	1905. April 29.	1905. May 6.
Bank of Whitehaven, Limited	£ 32,681	£ 9,797	£ 9,910	£ 9,865	£ 10,041	£ 9,950	£ 9,819	£ 9,877	£ 9,905
Bradford Banking Company, Limited ...	49,292	12,210	12,115	14,233	16,025	14,927	15,576	15,161	14,067
Carlisle & Cumberland Banking Co., Limited	25,610	25,033	25,573	25,596	25,587	25,200	25,459	25,787	25,428
Halifax & Huddersfield Union Bkg. Co., Ltd.	44,137	3,533	3,599	3,907	4,225	4,243	4,330	4,335	4,608
Halifax Commercial Banking Co., Limited	13,783	4,686	4,713	5,032	6,002	5,784	6,235	6,575	6,507
Halifax Joint Stock Banking Co., Limited	18,534	6,450	5,981	6,665	7,874	7,865	8,207	7,630	7,639
Lancaster Banking Company, Limited ...	64,311	36,314	37,128	37,145	37,958	38,049	38,765	40,068	42,445
Lincoln and Lindsey Banking Co., Limited	51,630	28,354	28,823	29,235	31,927	30,451	30,782	30,890	31,785
North & South Wales Bank, Limited	63,951	35,076	36,160	38,787	41,300	42,844	42,792	45,227	47,198
Nottingham & Notts. Banking Co., Limited	29,477	15,187	16,630	16,968	15,708	17,069	17,468	17,265	17,968
Sheffield & Hallamshire Bank, Limited	23,524	3,150	2,933	3,097	3,481	3,540	2,945	2,944	3,067
Sheffield & Rotherham Jnt. Stk. Bkg. Co., Ltd.	52,496	6,590	6,928	6,948	6,781	6,904	7,015	6,923	6,979
Stamford, Spalding & Boston Bkg. Co., Ltd.	55,721	23,545	24,615	24,846	25,745	25,845	26,335	25,760	24,917
Stuckey's Banking Co., Limited	356,976	82,613	84,319	88,590	90,152	89,926	87,906	87,138	87,739
Wakefield & Barnsley Union Bank, Limited	14,604	3,015	3,303	3,477	3,493	3,217	3,293	3,097	3,431
Whitehaven Joint Stk. Banking Co., Limited	31,916	22,978	24,130	25,491	26,053	26,702	26,336	27,163	28,072
Wilts and Dorset Bkg. Co., Limited	76,162	48,110	48,564	49,592	51,246	50,534	49,891	49,750	50,506
York City and County Banking Co., Limited	94,696	69,415	68,634	69,500	71,146	71,214	70,525	70,536	69,561
TOTALS	1,099,440	436,056	444,058	458,994	474,744	474,294	473,767	476,145	481,387

JOINT STOCK BANKS.

NAME OF BANK.	Author- ised Issue.	AVERAGE AMOUNT.							
		1905. May 13.	1905. May 20.	1905. May 27.	1905. June 3.	1905. June 10.	1905. June 17.	1905. June 24.	1905. July 1.
Bank of Whitehaven, Limited	£ 32,681	£ 10,158	£ 10,395	£ 10,670	£ 10,342	£ 11,071	£ 10,929	£ 10,087	£ 9,410
Bradford Banking Com- pany, Limited	49,292	12,595	12,200	11,853	14,008	13,177	12,371	12,800	13,847
Carlisle & Cumberland Banking Co., Limited	25,610	24,409	24,821	24,613	25,450	26,565	24,447	22,750	22,471
Halifax & Huddersfield Union Bkg. Co., Ltd.	44,137	3,373	3,628	3,580	3,644	3,499	3,195	3,276	3,469
Halifax Commercial Banking Co., Limited	13,733	5,135	5,018	4,659	5,750	4,720	4,260	4,352	4,900
Halifax Joint Stock Banking Co., Limited	18,534	7,481	6,987	6,941	7,144	7,418	7,045	6,415	7,493
Lancaster Banking Co., Limited	64,311	45,666	43,875	41,721	40,787	39,711	38,468	37,100	35,047
Lincoln and Lindsey Banking Co., Limited	51,620	34,903	35,407	31,116	29,381	27,734	28,139	27,727	27,200
North and South Wales Bank, Limited	63,951	43,765	47,632	45,991	45,045	44,689	42,760	42,122	41,345
Nottingham & Notts. Banking Co., Limited	29,477	18,075	16,891	15,587	15,430	14,835	13,468	13,906	13,850
Sheffield & Hallamshire Bank, Limited	23,524	2,926	2,626	2,655	3,035	2,785	2,625	2,586	2,937
Sheffield & Rotherham Joint Stock Banking Co., Limited	52,496	6,707	6,503	6,587	6,638	6,465	6,196	6,102	5,216
Stamford, Spalding & Boston Bkg. Co., Ltd.	55,721	25,815	24,876	22,432	22,921	22,702	23,067	21,446	21,682
Stuckey's Banking Co., Limited	356,976	86,162	83,688	82,939	83,043	82,328	81,090	81,637	83,350
Wakefield & Barnsley Union Bank, Limited	14,604	3,235	3,212	3,196	3,384	3,436	2,857	2,666	3,117
Whitehaven Joint Stk. Banking Co., Limited	31,916	25,112	26,726	26,721	26,766	26,332	25,635	23,929	22,437
Wilts and Dorset Bkg. Co., Limited	76,162	50,317	49,551	47,981	47,935	43,465	47,757	47,303	49,212
York City and County Banking Co., Limited	94,686	70,151	71,250	67,580	67,572	67,022	66,487	64,421	64,981
TOTALS	1,008,440	480,985	475,236	456,832	458,275	452,954	440,396	431,015	427,364

JOINT STOCK BANKS.

NAME OF BANK.	Author- ised Issue.	AVERAGE AMOUNT.							
		1905. July 8.	1905. July 15.	1905. July 22.	1905. July 29.	1905. Aug. 5.	1905. Aug. 12.	1905. Aug. 19.	1905. Aug. 26.
Bank of Whitehaven, Limited	£ 32,681	£ 9,323	£ 9,190	£ 8,586	£ 8,267	£ 8,548	£ 8,651	£ 8,323	£ 8,061
Bradford Banking Com- pany, Limited.....	49,292	13,921	12,846	12,320	12,750	13,482	12,061	11,705	12,188
Carlisle & Cumberland Banking Co., Limited	25,610	21,778	21,860	22,480	22,467	23,286	24,342	23,585	23,288
Halifax & Huddersfield Union Bkg. Co., Ltd.	44,187	3,865	3,765	3,478	3,405	3,665	3,767	3,446	3,419
Halifax Commercial Banking Co., Limited	13,783	6,522	6,795	5,705	5,180	6,012	5,756	4,633	4,788
Halifax Joint Stock Banking Co., Limited	18,534	7,772	7,224	7,176	7,208	6,675	6,745	6,204	6,535
Lancaster Banking Co., Limited	64,311	33,843	31,788	31,698	31,348	32,348	32,011	32,106	32,698
Lincoln and Lindsey Banking Co., Limited	51,630	26,866	25,310	25,304	25,200	24,885	25,361	24,775	23,607
North and South Wales Bank, Limited	63,961	40,396	36,955	34,962	34,328	34,048	33,909	33,980	32,884
Nottingham & Notts. Banking Co., Limited	29,477	13,290	13,009	13,346	12,944	13,710	12,555	12,671	12,613
Sheffield & Hallamshire Bank, Limited	23,524	2,996	2,663	2,471	2,716	3,088	2,887	2,361	2,413
Sheffield & Rotherham Joint Stock Banking Co., Ltd.	52,496	6,091	5,914	5,842	5,831	6,125	5,698	5,540	5,688
Stamford, Spalding & Boston Bkg. Co., Ltd.	55,721	22,817	22,215	21,755	21,412	22,155	22,284	21,310	21,447
Stuckey's Banking Co., Limited	356,976	85,236	83,153	80,242	79,922	79,588	78,051	76,877	77,165
Wakefield & Barnsley Union Bank, Limited	14,604	3,075	2,824	2,969	3,111	3,338	2,948	2,731	2,706
Whitehaven Joint Stk. Banking Co., Limited	31,916	21,932	21,365	20,796	21,278	21,064	20,667	20,700	20,722
Wilts and Dorset Bkg. Co., Limited.....	76,162	50,314	49,417	49,130	48,693	49,452	48,851	47,879	46,499
York City and County Banking Co., Limited	94,695	64,420	62,398	63,755	63,214	61,014	59,357	58,070	58,599
TOTALS	1,099,440	434,507	418,691	412,017	409,174	412,503	405,801	396,896	394,355

IRISH AND SCOTCH NOTE CIRCULATION RETURNS.

ACCOUNTS pursuant to the Acts 8 and 9 Vict., caps. 37 and 38, of the amount of BANK NOTES authorised by Law to be issued by the several Banks of Issue in IRELAND and SCOTLAND, and the average amount of Bank Notes in circulation, and of Coin held during the four weeks ended Saturday, the 8th day of April, 1905.

IRISH BANKS.

Name and Title as set forth in Licence.	Circulation authorised by Certificate.	Average Circulation during four weeks ended as above.			Average amount of Coin held during four weeks ended as above.		
		£s and upwards.	Under £s.	Total.	Gold.	Silver.	Total.
	£	£	£	£	£	£	£
The Bank of Ireland	3,738,428	1,653,300	374,425	2,527,725	568,187	86,284	654,471
The Prov. Bk. of Ireland, Ltd.	927,667	456,824	279,638	736,462	215,824	38,725	254,549
The Belfast Bkg. Co., Ltd.	281,611	300,927	214,239	515,166	294,444	48,495	342,939
The Northern Bkg. Co., Ltd.	243,440	304,120	230,204	534,324	361,880	41,394	402,774
The Ulster Bank, Ltd.	311,079	546,021	373,009	919,030	668,572	72,498	741,070
The National Bank, Ltd. ...	852,269	818,442	401,910	1,220,352	558,556	157,380	715,936
	6,354,494	4,079,634	2,373,425	6,453,059	2,666,963	444,776	3,111,739

SCOTCH BANKS.

	£	£	£	£	£	£	£
Bank of Scotland	343,418	291,656	745,602	1,037,258	701,126	118,804	819,930
Royal Bank of Scotland	216,451	274,683	681,472	956,155	769,513	117,388	886,901
British Linen Company	438,024	223,299	609,596	832,895	408,151	114,171	522,322
Commercl. Bk. of Scotland, Ltd.	374,880	247,302	673,254	920,556	597,870	78,826	676,696
National Bk. of Scotland, Ltd.	297,024	223,200	573,290	796,490	548,188	72,666	620,854
Union Bk. of Scotland, Ltd.	454,346	269,510	641,238	910,748	573,562	97,195	670,757
Town & County Bank, Ltd.	70,133	123,632	155,674	279,306	216,737	35,054	251,791
North of Scotland Bank, Ltd.	154,319	177,226	225,669	402,895	261,101	27,479	288,580
Clydesdale Bank, Ltd.	274,321	220,575	520,967	741,542	507,933	102,889	610,822
Caledonian Banking Co., Ltd.	53,434	52,338	75,402	127,740	78,278	10,626	88,904
	2,676,350	2,103,421	4,902,164	7,005,585	4,662,459	775,098	5,437,557

IRISH BANKS.

Four weeks ended Saturday, the 6th day of May, 1905.

Name and Title as set forth in Licence.	Circulation authorised by Certificate.	Average Circulation during four weeks ended as above.			Average amount of Coin held during four weeks ended as above.		
		£s and upwards.	Under £s.	Total.	Gold.	Silver.	Total.
	£	£	£	£	£	£	£
The Bank of Ireland	3,738,428	1,798,500	927,950	2,726,450	547,706	83,597	631,303
The Prov. Bk. of Ireland, Ltd.	927,667	471,086	290,314	761,400	201,403	36,207	237,610
The Belfast Bkg. Co., Ltd.	281,611	320,147	219,529	539,676	321,627	40,385	361,912
The Northern Bkg. Co., Ltd.	243,440	333,415	241,062	574,477	408,192	38,678	446,870
The Ulster Bank, Ltd.	311,079	603,135	396,001	999,136	729,413	63,921	793,334
The National Bank, Ltd. ...	852,269	872,689	417,708	1,290,397	566,041	155,114	721,155
	6,354,494	4,398,972	2,492,564	6,891,536	2,774,282	363,902	3,138,184

SCOTCH BANKS.

	£	£	£	£	£	£	£
Bank of Scotland	343,418	318,849	786,155	1,105,004	787,571	112,209	899,780
Royal Bank of Scotland	216,451	294,010	717,730	1,011,740	843,533	102,806	946,339
British Linen Company	438,024	233,699	640,755	874,454	482,346	114,626	596,972
Commercl. Bk. of Scotland, Ltd.	374,880	267,821	705,519	963,340	652,712	67,874	720,586
National Bk. of Scotland, Ltd.	297,024	234,696	599,724	834,420	622,378	67,440	689,818
Union Bk. of Scotland, Ltd.	454,346	307,609	695,809	1,003,418	619,678	90,581	710,254
Town & County Bank, Ltd.	70,133	128,375	159,146	287,521	222,917	33,259	256,176
North of Scotland Bank, Ltd.	154,319	186,723	234,032	420,755	283,843	24,369	308,212
Clydesdale Bank, Ltd.	274,321	235,951	548,485	784,436	558,940	97,796	656,736
Caledonian Banking Co., Ltd.	53,434	55,608	73,352	128,960	73,353	11,132	89,485
	2,676,350	2,253,341	4,304,838	6,558,179	5,152,266	722,092	5,874,358

IRISH AND SCOTCH NOTE CIRCULATION RETURNS.

ACCOUNTS pursuant to the Acts 8 and 9 Vict., caps. 37 and 38, of the amount of BANK NOTE authorised by Law to be issued by the several Banks of Issue in IRELAND and SCOTLAND and the average amount of Bank Notes in circulation, and of Coin held during the four weeks ended Saturday, the 3rd day of June, 1905.

IRISH BANKS.

Name and Title as set forth in Licence.	Circulation authorised by Certificate.	Average Circulation during four weeks ended as above.			Average amount of Coin held during four weeks ended as above.		
		£5 and upwards.	Under £5.	Total.	Gold.	Silver.	Total.
The Bank of Ireland	3,738,428	1,624,075	873,550	2,497,625	608,359	82,151	690,510
The Prov. Bk. of Ireland, Ltd.	927,667	453,700	284,011	717,711	208,361	33,437	241,798
The Belfast Bkg. Co., Ltd.	281,611	307,051	211,253	518,304	332,727	42,637	375,364
The Northern Bkg. Co., Ltd.	243,440	316,626	235,840	552,466	392,105	39,134	431,239
The Ulster Bank, Ltd.	311,079	563,425	379,563	942,988	695,067	58,731	753,798
The National Bank, Ltd. ...	852,269	823,086	416,645	1,239,731	558,379	158,268	716,647
	6,354,494	4,067,963	2,400,862	6,468,825	2,794,998	414,358	3,209,356

SCOTCH BANKS.

	£	£	£	£	£	£	£
Bank of Scotland	343,418	375,250	816,568	1,191,818	882,001	108,247	990,248
Royal Bank of Scotland	216,451	348,387	752,069	1,100,456	935,067	100,937	1,036,004
British Linen Company	438,024	275,091	669,232	944,323	563,044	113,964	677,008
Commercl. Bk. of Scotland, Ltd.	374,880	301,495	734,772	1,036,267	727,250	63,787	791,037
National Bk. of Scotland, Ltd.	297,024	275,217	623,808	899,025	699,027	77,875	776,902
Union Bk. of Scotland, Ltd.	454,346	345,210	715,695	1,060,905	688,969	82,322	771,291
Town & County Bank, Ltd.	70,133	164,733	173,729	338,462	285,345	23,897	309,242
North of Scotland Bank, Ltd.	154,319	244,214	266,084	510,298	364,936	25,466	390,402
Clydesdale Bank, Ltd.	274,321	271,084	563,577	834,661	648,642	90,685	739,327
Caledonian Banking Co., Ltd.	53,484	62,447	82,885	145,332	98,803	11,009	109,812
	2,676,350	2,663,128	5,398,419	8,061,547	5,893,084	703,239	6,596,323

IRISH BANKS.

Four weeks ended Saturday, the 1st day of July, 1905.

Name and Title as set forth in Licence.	Circulation authorised by Certificate.	Average Circulation during four Weeks ended as above.			Average amount of Coin held during four weeks ended as above.		
		£5 and upwards.	Under £5.	Total.	Gold.	Silver.	Total.
The Bank of Ireland	3,738,428	1,528,300	854,500	2,382,800	612,060	81,579	693,639
The Prov. Bk. of Ireland, Ltd.	927,667	422,140	279,252	701,392	208,539	30,655	239,194
The Belfast Bkg. Co., Ltd.	281,611	297,643	204,569	502,212	320,951	39,437	360,388
The Northern Bkg. Co., Ltd.	243,440	299,159	225,708	524,867	383,835	40,555	424,390
The Ulster Bank, Ltd.	311,079	522,376	360,073	882,449	657,947	55,574	713,521
The National Bank, Ltd. ...	852,269	751,154	411,893	1,163,047	479,838	156,853	636,691
	6,354,494	3,820,772	2,335,995	6,156,767	2,663,170	404,653	3,067,823

SCOTCH BANKS.

	£	£	£	£	£	£	£
Bank of Scotland	343,418	325,261	788,706	1,113,967	785,059	105,063	890,122
Royal Bank of Scotland	216,451	309,027	717,581	1,026,608	872,425	99,263	971,688
British Linen Company	438,024	249,775	642,042	891,817	497,137	116,041	613,178
Commercl. Bk. of Scotland, Ltd.	374,880	274,125	707,767	981,892	674,696	67,876	742,572
National Bk. of Scotland, Ltd.	297,024	253,821	607,776	861,597	661,837	74,743	736,580
Union Bk. of Scotland, Ltd.	454,346	308,287	678,596	986,883	664,201	97,316	761,517
Town & County Bank, Ltd.	70,133	143,167	171,021	314,188	264,681	26,304	290,985
North of Scotland Bank, Ltd.	154,319	212,434	253,749	466,183	331,508	21,307	352,815
Clydesdale Bank, Ltd.	274,321	238,270	543,466	741,736	613,399	88,185	701,584
Caledonian Banking Co., Ltd.	53,484	59,560	83,303	143,469	97,022	9,281	106,303
	2,676,350	2,373,727	5,194,613	7,568,340	5,461,965	705,383	6,167,348

IRISH AND SCOTCH NOTE CIRCULATION RETURNS.

ACCOUNTS pursuant to the Acts 8 and 9 Vict., caps. 37 and 38, of the amount of BANK NOTES authorised by Law to be issued by the several Banks of Issue in IRELAND and SCOTLAND, and the average amount of Bank Notes in circulation, and of Coin held during the four weeks ended Saturday, the 29th day of July, 1905.

IRISH BANKS.

Name and Title as set forth in Licence.	Circulation authorised by Certificate.	Average Circulation during four weeks ended as above.			Average amount of Coin held during four weeks ended as above.		
		£s and upwards.	Under £s.	Total.	Gold.	Silver.	Total.
The Bank of Ireland	3,738,428	1,541,425	854,675	2,396,100	633,833	79,348	713,181
The Prov. Bk. of Ireland, Ltd.	927,667	409,909	276,742	686,651	208,344	32,516	240,860
The Belfast Bkg. Co., Ltd.	281,611	288,421	199,615	488,036	303,369	38,484	341,853
The Northern Bkg. Co., Ltd.	243,440	291,247	218,384	509,631	388,091	48,007	436,098
The Ulster Bank, Ltd.	311,079	498,262	342,294	840,556	646,047	55,115	701,162
The National Bank, Ltd. ...	852,269	723,742	406,335	1,130,077	441,142	158,595	599,737
	6,354,494	3,753,006	2,298,045	6,051,051	2,620,826	412,065	3,032,891

SCOTCH BANKS.

	£	£	£	£	£	£	£
Bank of Scotland	843,418	320,685	787,777	1,108,462	801,732	98,726	900,458
Royal Bank of Scotland	216,451	294,738	717,890	1,012,568	851,084	96,622	947,706
British Linen Company	438,024	239,962	643,391	883,353	477,381	107,947	585,328
Comerol Bk. of Scotland, Ltd.	374,880	261,372	713,434	974,806	671,872	72,715	744,587
National Bk. of Scotland, Ltd.	297,024	241,521	606,460	847,981	635,407	78,609	714,016
Union Bk. of Scotland, Ltd.	454,346	293,791	678,731	972,522	606,500	86,416	692,916
Town & County Bank, Ltd.	70,133	129,974	165,266	295,240	245,450	27,651	273,101
North of Scotland Bank, Ltd.	154,319	192,481	245,955	438,436	313,617	21,701	335,318
Hydesdale Bank, Ltd.	274,321	229,396	537,560	766,956	555,788	84,894	640,682
Caledonian Banking Co., Ltd.	53,434	54,281	79,635	133,936	86,762	9,366	96,128
	2,676,350	2,258,521	5,176,059	7,434,260	5,245,593	684,647	5,930,240

IRISH BANKS.

Four weeks ended Saturday, the 26th day of August, 1905.

Name and Title as set forth in Licence.	Circulation authorised by Certificate.	Average Circulation during four weeks ended as above.			Average amount of Coin held during four weeks ended as above.		
		£s and upwards.	Under £s.	Total.	Gold.	Silver.	Total.
The Bank of Ireland	3,738,428	1,491,325	860,650	2,351,975	658,915	81,863	740,778
The Prov. Bk. of Ireland, Ltd.	927,667	408,433	272,363	680,796	207,404	34,225	241,629
The Belfast Bkg. Co., Ltd.	281,611	282,379	196,534	478,913	323,642	43,218	366,860
The Northern Bkg. Co., Ltd.	243,440	284,091	214,449	498,540	403,696	50,338	454,034
The Ulster Bank, Ltd.	311,079	489,159	338,958	828,117	648,110	64,671	712,781
The National Bank, Ltd. ...	852,269	705,658	402,031	1,107,689	453,304	157,983	611,287
	6,354,494	3,661,045	2,284,985	5,946,030	2,695,071	432,298	3,127,369

SCOTCH BANKS.

	£	£	£	£	£	£	£
Bank of Scotland	843,418	314,150	759,196	1,073,346	770,452	99,717	870,169
Royal Bank of Scotland	216,451	287,185	681,609	968,794	827,436	103,177	930,613
British Linen Company	438,024	233,272	621,075	854,347	471,179	104,544	575,723
Comerol Bk. of Scotland, Ltd.	374,880	250,295	684,196	934,491	642,217	78,561	720,778
National Bk. of Scotland, Ltd.	297,024	236,285	585,011	821,296	651,509	75,568	727,077
Union Bk. of Scotland, Ltd.	454,346	286,056	666,339	952,395	592,869	85,363	678,232
Town & County Bank, Ltd.	70,133	127,595	166,624	294,219	244,871	31,507	276,378
North of Scotland Bank, Ltd.	154,319	200,992	260,042	461,034	332,079	24,316	356,395
Hydesdale Bank, Ltd.	274,321	228,349	523,719	752,068	543,264	97,166	640,430
Caledonian Banking Co., Ltd.	53,434	54,526	77,584	132,110	88,189	9,067	97,256
	2,676,350	2,218,705	5,025,395	7,244,100	5,164,065	708,986	5,873,051

BANKS OF ISSUE.—CIRCULATION RETURNS.

ENGLISH BANKS.

	Author- ised Issues.	Average circulation for weeks ending				Average weekly circulation for 4 weeks ending April 8, 1906.	Average weekly circulation corres- ponding period of previous year.	Average weekly circulation below authorised issue.
		1905. Mar. 18.	1905. Mar. 25.	1905. April 1.	1905. April 8.			
	£	£	£	£	£	£	£	£
16 Private Bks.	656,512	150,584	152,661	155,619	160,372	154,809	165,648	501,703
18 Jt. Stk. Bks.	1,099,440	436,056	444,058	458,991	474,744	453,463	492,276	615,977
34 Total...	1,755,952	586,640	596,719	614,613	635,116	608,272	657,924	1,117,680

	Author- ised Issues.	Average circulation for weeks ending				Average weekly circulation for 4 weeks ending May 6, 1905.	Average weekly circulation corres- ponding period of previous year.	Average weekly circulation below authorised issue.
		1905. April 15.	1905. April 22.	1905. April 29.	1905. May 6.			
	£	£	£	£	£	£	£	£
16 Private Bks.	656,512	160,299	161,165	158,748	158,330	159,635	170,971	496,277
18 Jt. Stk. Bks.	1,099,440	474,294	473,767	476,145	481,397	476,401	515,349	623,039
34 Total...	1,755,952	634,593	634,932	634,893	639,727	636,036	686,320	1,119,316

IRISH AND SCOTCH BANKS.

	Author- ised Issues.	Average circulation during 4 weeks ending April 8th, 1905.			Average circulation at corres- ponding period of last year.	Average amount of gold and silver coin held.	Average amount of gold and silver at corres- ponding period of last year.	Comparison of circulation with authorised issues.
		£5 and upwards.	Under £5.	Total.				
	£	£	£	£	£	£	£	£
6 Irish Banks	6,354,494	4,079,634	2,373,425	6,453,059	6,720,032	3,111,739	3,418,335	+ 98,506
10 Scotch Bks.	2,676,350	2,103,421	4,902,164	7,005,585	7,103,785	5,437,557	5,566,178	+ 4,329,236
16 Total	9,030,844	6,183,055	7,275,589	13,458,644	13,823,817	8,549,296	8,984,507	+ 4,427,800

	Author- ised Issues.	Average circulation during 4 weeks ending May 6th, 1905.			Average circulation at corres- ponding period of last year.	Average amount of gold and silver coin held.	Average amount of gold and silver at corres- ponding period of last year.	Comparison of circulation with authorised issues.
		£5 and upwards.	Under £5.	Total.				
	£	£	£	£	£	£	£	£
6 Irish Banks	6,354,494	4,398,972	2,492,564	6,891,536	7,028,860	3,138,184	3,395,170	+ 537,026
10 Scotch Bks.	2,676,350	2,253,341	4,304,838	6,558,179	7,501,490	5,874,358	6,954,136	+ 3,881,837
16 Total	9,030,844	6,652,313	6,797,402	13,449,715	14,530,350	9,012,542	10,349,306	+ 4,418,871

BANKS OF ISSUE.—CIRCULATION RETURNS.

ENGLISH BANKS.

	Author- ised Issues.	Average circulation for weeks ending				Average weekly circulation for 4 weeks ending June 3, 1905.	Average weekly circulation corres- ponding period of previous year.	Average weekly circulation below authorised Issue.
		1905. May 13.	1905. May 20.	1905. May 27.	1905. June 3.			
	£	£	£	£	£	£	£	£
16 Private Bks.	656,512	162,920	162,350	155,529	153,855	158,663	174,581	497,849
18 Jt. Stk. Bks.	1,099,440	480,985	477,286	456,832	458,275	467,844	519,007	580,433
34 Total...	1,755,952	643,905	637,636	612,361	612,130	626,507	693,588	1,078,282

	Author- ised Issues.	Average circulation for weeks ending				Average weekly circulation for 4 weeks ending July 1, 1905.	Average weekly circulation corres- ponding period of previous year.	Average weekly circulation below authorised Issue.
		1905. June 10.	1905. June 17.	1905. June 24.	1905. July 1.			
	£	£	£	£	£	£	£	£
16 Private Bks.	656,512	153,130	151,129	150,754	149,053	151,016	170,376	505,496
18 Jt. Stk. Bks.	1,099,440	452,954	440,396	431,015	427,364	437,932	483,180	661,508
34 Total...	1,755,952	606,084	591,525	581,769	576,417	588,948	653,556	1,167,004

IRISH AND SCOTCH BANKS.

	Author- ised Issues.	Average circulation during 4 weeks ending June 3rd, 1905.			Average circulation at corres- ponding period of last year.	Average amount of gold and silver coin held.	Average amount of gold and silver at correspond- ing period of last year.	Comparison of circulation with authorised Issues.
		£5 and upwards.	Under £5.	Total.				
	£	£	£	£	£	£	£	£
6 Irish Banks	6,354,494	4,067,963	2,400,862	6,468,825	6,443,314	3,209,356	3,264,704	+ 114,331
10 Scotch Bks.	2,676,350	2,663,128	5,398,419	8,061,547	7,642,297	6,596,323	6,365,190	+ 5,385,197
16 Total...	9,030,844	6,731,091	7,799,281	14,530,372	14,085,611	9,805,679	9,629,894	+ 5,499,528

	Author- ised Issues.	Average circulation during 4 weeks ending July 1st, 1905.			Average circulation at corres- ponding period of last year.	Average amount of gold and silver coin held.	Average amount of gold and silver at correspond- ing period of last year.	Comparison of circulation with authorised Issues.
		£5 and upwards.	Under £5.	Total.				
	£	£	£	£	£	£	£	£
6 Irish Banks	6,354,494	3,820,772	2,335,995	6,156,767	6,443,314	3,067,823	3,264,704	- 197,727
10 Scotch Bks.	2,676,350	2,373,727	5,194,613	7,568,340	7,642,297	6,167,348	6,365,190	+ 4,891,990
16 Total	9,030,844	6,194,499	7,530,608	13,725,107	14,085,611	9,235,171	9,629,894	+ 4,694,263

BANKS OF ISSUE.—CIRCULATION RETURNS.

ENGLISH BANKS.

	Author- ised Issues.	Average circulation for weeks ending				Average weekly circulation for 4 weeks ending July 29, 1905.	Average weekly circulation corres- ponding period of previous year.	Average weekly circulation below authorised Issue.
		1905. July 8.	1905. July 15.	1905. July 22.	1905. July 29.			
	£	£	£	£	£	£	£	£
16 Private Bks.	656,512	150,428	147,751	143,887	142,660	146,181	165,061	491,451
18 Jt. Stk. Bks.	1,099,440	434,507	418,691	412,017	409,174	418,597	463,194	636,246
34 Total...	1,755,952	584,935	566,442	555,904	551,834	564,778	628,255	1,127,697

	Author- ised Issues.	Average circulation for weeks ending				Average weekly circulation for 4 weeks ending Aug. 26th, 1905.	Average weekly circulation corres- ponding period of previous year.	Average weekly circulation below authorised Issue.
		1905. Aug. 5.	1905. Aug. 12.	1905. Aug. 19.	1905. Aug. 26.			
	£	£	£	£	£	£	£	£
16 Private Bks.	656,512	143,970	142,399	140,664	138,362	141,344	160,850	515,168
18 Jt. Stk. Bks.	1,099,440	412,503	405,801	396,898	394,355	402,389	444,882	697,051
34 Total...	1,755,952	556,473	548,200	537,562	532,717	543,733	605,732	1,212,219

IRISH AND SCOTCH BANKS.

	Author- ised Issues.	Average circulation during 4 weeks ending July 29th, 1905.			Average circulation at corres- ponding period of last year.	Average amount of gold and silver coin held.	Average amount of gold and silver at corres- ponding period of last year.	Comparison of circulation with authorised Issues.
		£5 and upwards.	Under £5.	Total.				
	£	£	£	£	£	£	£	£
6 Irish Banks	6,354,494	3,753,006	2,298,045	6,051,051	6,365,800	3,032,891	3,203,955	— 303,444
10 Scotch Bks.	2,676,350	2,258,201	5,176,059	7,434,260	7,661,091	5,930,240	6,078,425	+ 4,757,911
16 Total...	9,030,844	6,011,207	7,474,104	13,485,311	13,926,891	8,963,131	9,282,380	+ 4,454,466

	Author- ised Issues.	Average circulation during 4 weeks ending August 26th, 1905.			Average circulation at corres- ponding period of last year.	Average amount of gold and silver coin held.	Average amount of gold and silver at corres- ponding period of last year.	Comparison of circulation with authorised Issues.
		£5 and upwards.	Under £5.	Total.				
	£	£	£	£	£	£	£	£
6 Irish Banks	6,354,494	3,661,045	2,284,985	5,946,030	6,253,468	3,127,369	3,209,410	— 408,449
10 Scotch Bks.	2,676,350	2,218,705	5,025,395	7,244,100	7,271,772	5,873,051	6,084,623	+ 4,567,781
16 Total...	9,030,844	5,879,750	7,310,380	13,190,130	13,525,240	9,000,420	9,294,033	+ 4,159,381

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus:—£1,000 = £1,000,000.

For the weeks ending }	1905. May 3. 1	1905. May 10. 2	1905. May 17. 3	1905. May 24. 4	1905. May 31. 5	1905. June 7. 6	1905. June 14. 7	1905. June 21. 8
BANK OF ENGLAND.								
ISSUE DEPARTMENT.								
Notes issued.....	£ 52,085	£ 52,534	£ 53,024	£ 53,992	£ 54,398	£ 54,731	£ 54,588	£ 51,413
Government debt..	11,015	11,015	11,015	11,015	11,015	11,015	11,015	11,015
Other securities ...	7,435	7,435	7,435	7,435	7,435	7,435	7,435	7,435
Gold coin and bul- lion	33,635	34,084	34,574	35,542	35,948	36,281	36,138	36,963
Total.....	52,085	52,534	53,024	53,992	54,398	54,731	54,588	55,413
LIABILITIES.								
Proprietors' capital	14,553	14,553	14,553	14,553	14,553	14,553	14,553	14,553
Reserve	3,166	3,171	3,187	3,188	3,124	3,136	3,120	3,127
Public deposits ...	11,879	12,148	10,946	11,682	11,609	12,519	13,038	13,762
Other Deposits ...	40,392	38,743	41,622	40,252	41,614	41,630	41,064	41,742
Seven day and other bills	96	98	115	115	102	113	122	95
Total.....	70,086	68,713	70,423	69,791	71,002	71,951	71,897	73,279
ASSETS.								
Government securi- ties	15,630	15,750	15,750	15,750	15,750	16,171	16,171	16,171
Other securities ...	29,548	27,361	28,440	26,893	28,416	28,453	28,119	28,719
Notes	22,963	23,651	24,228	25,139	24,897	25,334	25,626	26,490
Gold & Silver coin	1,945	1,951	2,006	2,009	1,939	1,993	1,980	1,898
Total.....	70,086	68,713	70,423	69,791	71,002	71,951	71,897	73,279
Notes in the hands of the Public ...	29,121	28,883	28,795	28,852	29,500	29,396	28,961	28,922
Reserve	24,908	25,601	26,234	27,148	26,836	27,327	27,605	28,388
Proportion of re- serve to liabili- ties (per cent.)...	47.65	50.21	49.79	52.15	50.32	50.36	50.91	51.06
Rate of discount ...	2½ 96	2½ 96	2½ 96	2½ 96	2½ 96	2½ 96	2½ 96	2½ 96
RATES OF EXCHANGE ON LONDON.								
Paris, cheque— (par £1 = 25f. 22½c.)	25.15	25.17½	25.18	25.17½	25.19	25.18½	25.16½	25.15
Berlin, 8 days— (par £1 = 20m. 43pf.)	20.46½	20.47	20.47	20.47	20.47½	20.47½	20.45½	20.45½
New York, 60 days— (par £1 = \$4.867) ...	4.84½	4.84½	4.84½	4.85	4.85	4.85	4.85½	4.85½
Do. Cable Transfers	4.87	4.87	4.87	4.87½	4.87½	4.87½	4.87½	4.87½
Calcutta, (per rupee)	1s. 3½d.	1s. 3½d.	1s. 3½d.	1s. 3½d.	1s. 3½d.	1s. 4d.	1s. 4d.	1s. 4½d.

WEEKLY RETURNS.

In £'s sterling, 000 omitted thus :—£1,000 = £1,000,000.

For the weeks ending	1905. June 28. 1	1905. July 5. 2	1905. July 12. 3	1905. July 19. 4	1905. July 26. 5	1905. Aug. 2. 6	1905. Aug. 9. 7	1905. Aug. 16. 8
BANK OF ENGLAND.								
ISSUE DEPARTMENT.								
Notes issued.....	55,678	55,124	54,808	54,937	54,686	53,609	53,013	53,521
Government debt...	11,015	11,015	11,015	11,015	11,015	11,015	11,015	11,015
Other securities ...	7,435	7,435	7,435	7,435	7,435	7,435	7,435	7,435
Gold coin and bul- lion	37,228	36,674	36,358	36,487	36,236	35,159	34,593	34,771
Total.....	55,678	55,124	54,808	54,937	54,686	53,609	53,043	53,297
BRNG. DEPARTMENT.								
LIABILITIES.								
Proprietors' capital	14,553	14,553	14,553	14,553	14,553	14,553	14,553	14,553
Reserve	3,136	3,343	3,354	3,377	3,893	3,414	3,428	3,414
Public deposits ...	14,456	11,361	9,671	10,757	10,731	9,790	9,906	11,000
Other Deposits ..	44,698	49,956	44,449	44,839	43,598	43,358	43,096	43,500
Seven day and other bills	91	115	101	106	82	85	89	91
Total.....	76,934	79,328	72,128	73,132	72,347	71,200	71,072	73,778
ASSETS.								
Government securi- ties	16,171	16,752	16,752	16,752	16,752	16,752	17,070	18,671
Other securities ...	33,396	36,375	28,992	29,643	29,109	29,186	29,195	29,500
Notes	25,546	24,412	24,538	24,948	24,700	23,536	23,104	23,771
Gold & Silver coin	1,821	1,788	1,846	1,788	1,786	1,736	1,704	1,771
Total.....	76,934	79,328	72,128	72,132	72,347	71,200	71,072	73,778
Notes in the hands of the Public ...	30,131	30,711	30,269	29,989	29,985	30,072	29,939	29,460
Reserve	27,367	26,200	26,383	26,736	26,485	25,261	24,808	25,500
Proportion of re- serve to liabili- ties (per cent.)...	46.19	42.65	48.66	48.42	48.67	47.45	46.72	45.96
Rate of discount...	2½ %	2½ %	2½ %	2½ %	2½ %	2½ %	2½ %	2½ %
RATES OF EXCHANGE ON LONDON.								
Paris, cheque— (par £1=25f. 22½c.)	25.15½	25.13½	25.14½	25.14½	25.13½	25.15	25.17	25.17½
Berlin, 8 days— (par £1=20m. 43pf.)	20.46	20.45½	20.45	20.44½	20.46	20.46	20.46	20.45
New York, 60 days— (par £1=\$4.867) ...	4.85½ ₁₀	4.85½	4.85	4.84½	4.84½	4.84½	4.84½	4.84½
Do. Cable Transfers Calcutta, (per rupee).....	4.87 ₁₀	4.87 ₁₀	4.86½ ₁₀	4.86½	4.86½	4.86½	4.87	4.87
	1s. 4½d.	1s. 4d.	1s. 4d.	1s. 4½d.	1s. 4½d.	1s. 4½d.	1s. 4½d.	1s. 4½d.

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus:—£1,000 = £1,000,000.

For the weeks } ending }	1905. May 4. 1	1905. May 11. 2	1905. May 18. 3	1905. May 25. 4	1905. June 2. 5	1905. June 8. 6	1905. June 15. 7	1905. June 22. 8
UK OF FRANCE. (verting the franc 25 to the £.)								
LIABILITIES.	£	£	£	£	£	£	£	£
Public deposits ...	6,306	7,489	9,100	11,220	9,791	8,016	9,107	10,938
Private deposits ...	22,153	22,289	21,484	20,936	22,285	21,793	21,485	23,501
Notes in circulation	180,322	174,977	173,930	171,834	175,862	173,800	173,253	170,769
Other items	18,956	15,870	16,030	15,793	16,370	15,035	16,252	14,725
Total.....	227,737	220,575	220,544	219,783	224,308	218,644	219,097	219,933
ASSETS.								
Gold	111,961	114,123	114,711	114,826	114,645	114,676	114,482	115,305
Silver	44,121	44,126	44,273	44,360	44,348	44,420	44,317	44,497
Coin	30,662	22,016	21,318	20,568	24,714	18,811	20,050	19,305
Advances	26,689	26,014	23,233	23,037	25,919	26,366	25,857	26,397
Other items	14,304	14,296	21,509	21,492	14,682	14,371	15,391	14,429
Total.....	227,737	220,575	220,544	219,783	224,308	218,644	219,097	219,933
Rate of discount	3 %	3 %	3 %	3 %	3 %	3 %	3 %	3 %
IMPERIAL BANK OF GERMANY. (verting the reich- mark at 20 to the £.)								
LIABILITIES.	£	£	£	£	£	£	£	£
Notes in circulation	63,350	61,416	63,640	62,570	61,390	62,895	77,740	
Current accounts...	33,293	36,171	31,124	30,340	33,003	33,139	28,955	
Other items	13,194	13,223	13,248	13,260	13,285	13,317	13,403	
ASSETS.								
Gold and bullion ...	53,716	56,158	53,650	53,839	54,738	54,350	47,539	
Loans and bills ...	45,061	42,225	47,975	45,847	46,131	47,460	65,919	
Other items	11,060	10,426	6,387	6,484	6,810	7,511	6,639	
Rate of discount	3 %	3 %	3 %	3 %	3 %	3 %	3 %	

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus:—£1,000 = £1,000,000.

For the weeks } ending }	1905. June 26. 1	1905. July 6. 2	1905. July 13. 3	1905. July 20. 4	1905. July 27. 5	1905. Aug. 3. 6	1905. Aug. 10. 7	1905. Aug. 17. 8
BANK OF FRANCE. (Converting the franc at 25 to the £.)								
LIABILITIES.	£	£	£	£	£	£	£	£
Public deposits ...	11,476	8,024	7,941	8,109	9,945	9,005	10,376	11,839
Private deposits ...	26,549	25,614	23,965	24,984	27,711	24,437	23,754	22,914
Notes in circulation	174,227	176,140	175,755	174,927	172,442	177,107	172,255	171,300
Other items	15,850	15,147	15,279	15,764	15,203	18,020	15,062	15,464
Total.....	228,102	224,925	222,940	223,784	225,301	228,569	221,447	221,566
ASSETS.								
Gold	115,363	115,584	116,110	116,928	117,334	117,455	118,242	118,453
Silver	44,415	44,469	44,344	44,387	44,404	44,395	44,405	44,332
Bills	25,170	22,958	22,226	22,403	23,715	26,681	19,071	19,389
Advances	26,332	27,740	26,521	26,429	26,063	26,360	26,061	25,874
Other items	16,832	14,174	13,739	13,637	13,785	13,678	13,668	13,690
Total.....	228,102	224,925	222,940	223,784	225,301	228,569	221,447	221,566
Rate of discount	3 %	3 %	3 %	3 %	3 %	3 %	3 %	3 %
	1905. July 7.	1905. July 16.	1905. July 22.	1905. July 31.	1905. Aug. 7.	1905. Aug. 16.	1905. Aug. 23.	
IMPERIAL BANK OF GERMANY. (Converting the reich- mark at 20 to the £.)								
LIABILITIES.	£	£	£	£	£	£	£	
Notes in circulation	71,911	67,443	64,903	66,001	64,717	63,280	62,272	
Current accounts...	26,336	26,388	28,588	25,929	24,204	28,180	29,991	
Other items	13,277	13,304	13,328	13,357	13,358	13,396	13,419	
ASSETS.								
Coin and bullion ...	47,304	48,702	50,268	48,042	47,462	48,174	49,468	
Bills and loans.....	55,640	49,196	46,783	48,701	46,108	46,137	45,119	
Other items	8,580	9,438	9,768	8,542	8,708	10,546	11,095	
Rate of discount	3 %	3 %	3 %	3 %	3 %	3 %	3 %	

WEEKLY RETURNS.

In £'s sterling, 000 omitted thus:—£1,000 = £1,000,000.

For the weeks ending }	1903. April 8. 1	1903. April 15. 2	1903. April 22. 3	1903. April 29. 4	1903. May 6. 5	1903. May 13. 6	1903. May 20. 7	1903. May 27. 8
NEW YORK ASSOCIATED BANKS. (Converting the dollar at 5 to the £.)								
LIABILITIES.	£	£	£	£	£	£	£	£
Notes in circulation	8,824	8,881	8,887	8,830	8,908	8,940	9,062	9,167
Net deposits	225,620	227,940	230,394	229,306	228,780	230,044	233,030	231,026
ASSETS.								
Loans & discounts	218,152	219,922	221,459	219,780	218,424	219,943	224,085	222,201
Specie	41,607	42,191	43,233	43,543	44,061	43,978	43,035	42,925
Legal tenders	16,532	16,665	16,665	17,116	16,880	16,676	16,867	17,125
Legal reserve (being one-fourth of net deposits)	56,405	56,985	57,598	57,326	57,195	57,511	58,257	57,757
Reserve held (consisting of specie and legal tenders).	58,141	58,856	59,888	60,659	60,941	60,853	59,902	60,050
Surplus	1,736	1,870	2,290	3,333	3,746	3,342	1,644	2,293
CLEARING HOUSE RETURNS.	1903. May 3. £	1903. May 10. £	1903. May 17. £	1903. May 24. £	1903. May 31. £	1903. June 7. £	1903. June 14. £	1903. June 21. £
London	263,265	210,041	269,214	189,198	246,087	226,581	167,465	238,039
Birmingham	April 29. 721	May 6. 1,432	May 14. 963 May 18.	May 20. 920	May 27. 837	June 3. 1,298	June 10. 902	June 17. 697
Bristol	564	621	572	565	503	559	537 June 14.	426 June 20.
Dublin	2,510	3,338	3,276	2,980	2,651	3,202	2,971	2,642
Liverpool	2,633	3,837	3,337	3,384	3,054	4,156	3,280	2,989
Manchester	4,550	5,863	4,827	4,525	4,342	5,412	5,010	3,456
Newcastle-on-Tyne ...	1,345	1,760	1,679	1,567	1,607	1,278	899	717
Melbourne	Feb. 20. 3,222	Feb. 27. 3,401	Mar. 6. 4,006	Mar. 13. 3,565	Mar. 20. 3,208	Mar. 27. 2,907	April 3. 4,065	April 10. 3,291
	1903. May 3.	1903. May 10.	1903. May 17.	1903. May 24.	1903. May 31.	1903. June 7.	1903. June 14.	1903. June 21.
MISCELLANEOUS.								
Average price of Wheat	30s. 9d.	30s. 8d.	30s. 8d.	30s. 10d.	30s. 11d.	31s. 3d.	31s. 4d.	31s. 7d.
Price of Consols	90 $\frac{1}{8}$	89 $\frac{1}{2}$	90 $\frac{1}{2}$	90 $\frac{1}{2}$	90 $\frac{1}{2}$	90 $\frac{1}{2}$	90 $\frac{1}{2}$	90 $\frac{1}{2}$
Bar Silver, fine, per oz. standard	2s. 2 $\frac{1}{2}$ d.	2s. 2 $\frac{1}{2}$ d.	2s. 2 $\frac{1}{2}$ d.	2s. 2 $\frac{1}{2}$ d.	2s. 2 $\frac{1}{2}$ d.	2s. 3d.	2s. 3 $\frac{1}{2}$ d.	2s. 3 $\frac{1}{2}$ d.
3 o/o French Rentes...	99.30	99.12 $\frac{1}{2}$	99.37 $\frac{1}{2}$	99.65	99.70	99.87 $\frac{1}{2}$	99.37 $\frac{1}{2}$	98 $\frac{1}{2}$

WEEKLY RETURNS.

October,

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

For the weeks } ending }	1905. June 3. 1	1905. June 10. 2	1905. June 17. 3	1905. June 24. 4	1905. July 1. 5	1905. July 8. 6	1905. July 15. 7	1905. July 22. 8
NEW YORK ASSOCIATED BANKS. (Converting the dol- lar at 5 to the £.)								
LIABILITIES.	£	£	£	£	£	£	£	£
Notes in circulation	9,255	9,315	9,472	9,612	9,707	9,771	9,831	9,785
Net deposits	227,295	224,767	228,057	229,358	233,208	231,661	231,804	235,485
ASSETS.								
Loans & discounts	220,257	217,904	220,972	220,562	224,174	223,291	221,462	225,272
Specie	40,909	41,098	41,171	42,874	42,949	42,194	44,032	44,035
Legal tenders	17,125	17,059	17,285	17,428	17,685	17,312	17,823	17,822
Legal reserve (being one-fourth of net deposits)	56,824	56,192	57,014	57,340	58,302	57,915	57,951	58,870
Reserve held (con- sisting of specie and legal tenders).	58,034	58,157	58,456	60,359	60,634	59,507	61,855	61,860
Surplus	1,210	1,965	1,442	3,019	2,332	1,592	3,905	2,990
CLEARING HOUSE RETURNS.	1905. June 28.	1905. July 5.	1905. July 12.	1905. July 19.	1905. July 26.	1905. Aug. 2.	1905. Aug. 9.	1905. Aug. 16.
London	£ 190,283	£ 335,384	£ 225,059	£ 259,447	£ 183,998	£ 276,003	£ 198,949	£ 237,068
Birmingham	June 24. 875	July 1. 1,234	July 8. 1,540	July 15. 1,153	July 22. 988	July 29. 1,002	Aug. 5. 1,463	Aug. 12. 629
Bristol	539	667	733	567	589	613	694	441
Dublin	2,677	2,753	3,495	3,136	2,929	2,549	3,331	3,017
Liverpool	3,398	3,756	4,604	5,060	3,724	3,541	4,298	3,138
Manchester	4,161	5,365	6,294	5,051	4,840	4,736	5,968	4,583
Newcastle-on-Tyne ...	958	856	1,030	976	876	843	1,200	907
Melbourne	April 17. 3,393	April 24. 2,397	May 1. 3,421	May 8. 3,703	May 15. 3,198	May 22. 3,210	May 29. 3,030	June 5. 3,354
MISCELLANEOUS.	1905. June 28.	1905. July 5.	1905. July 12.	1905. July 19.	1905. July 26.	1905. Aug. 2.	1905. Aug. 9.	1905. Aug. 16.
Average price of								
Wheat	31s. 7d.	31s. 8d.	32s. 1d.	32s. 3d.	32s. 2d.	32s. 3d.	31s. 11d.	30s. 5d.
Price of Consols	90	90 $\frac{1}{8}$	90 $\frac{1}{2}$	90 $\frac{1}{8}$	90 $\frac{1}{8}$	90 $\frac{1}{8}$	90 $\frac{1}{8}$	90 $\frac{1}{8}$
Bar Silver, fine, per oz. standard	2s. 2 $\frac{1}{2}$ d.	2s. 3d.	2s. 3 $\frac{1}{8}$ d.	2s. 3 $\frac{1}{2}$ d.	2s. 3 $\frac{1}{8}$ d.	2s. 3 $\frac{1}{2}$ d.	2s. 3 $\frac{1}{8}$	2s. 3 $\frac{1}{2}$ d.
3 o/o French Rentes	98-57 $\frac{1}{2}$	99-17 $\frac{1}{2}$	99-22 $\frac{1}{2}$	99-42 $\frac{1}{2}$	99-40	99-45	99-75	99-77 $\frac{1}{2}$

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A DESCRIPTION OF THE CONSTITUTION AND METHODS
OF THE STATE BANKS OF EUROPE, AND OF THE
NATIONAL BANKS OF THE UNITED STATES, AND
THEIR RELATIONS WITH THEIR RESPECTIVE
GOVERNMENTS AND WITH OTHER BANKS.

By THOMAS PENDLEBURY, a Certificated Associate of the Institute.

(Being the Essay for which the First Prize was awarded, 1904-5.)



CONSIDERATION of the State banks of Europe would in strictness be a very limited task, seeing that but three of all the countries of Europe, namely Russia, Sweden, and Bulgaria, can boast of a State bank in the sense of a bank both controlled by the State and provided by the State with the capital necessary for its working. In a broader sense, however, we find existing in each country an institution specially privileged by the State in comparison with other banks, probably specially entrusted with State finance, at all events generally accorded the distinction proper to a State institution, and known, loosely speaking, as a State bank. The only exception is that of Switzerland, and there, indeed, final legislation for the establishment of a State bank is delayed only through petty rivalries as to the locality of headquarters.

The former paramount importance of note issues, and the grave public risk which has been found to be inherent in paper currencies when misdirected, have brought about a general agreement that such powers may well be restricted, preferably to one institution, under special legislation and safeguards. In return for the granting of such valuable privileges, not now so profitable, it may be, but still conferring upon the privileged bank a pre-eminent standing amongst its rivals, governments have not been slow to recognise that they might demand special facilities for the conduct of state finance, ensure such accommodation as they should from time to time require, and even, in not a few cases, directly participate in the profits earned.

The tendency is unmistakeably towards a monopoly of issue in favour of one central institution. In England, Germany, and Italy a few long-established banks are allowed to exercise the privilege by the side of the principal bank, but in each case these extra issues are of lessening importance. Sweden has quite recently withdrawn the power of issue from all but the State bank, and Greece, perhaps, remains the only exception to this centralizing process.

Another tendency, of minor importance but interesting, is towards a greater sharing in the profits by the State, when expiring charters afford opportunity for a revision of terms. Of this tendency striking examples are at hand in France, Germany, Belgium, and Holland.

A most interesting comparative study might be made of the relationships between bank and State. The closeness of the intimacy seems too often to be the measure of the bank's deterioration as a banking institution proper, and apparently a strong State and a strong bank are both essential if the temptations of forced currencies are to be withstood. Spain, Portugal, and Greece are standing instances of this extreme degeneracy. Italy, fortunately, has emerged by painstaking effort; Spain has ambitions, but makes slow progress in the measures necessary to their fulfilment.

On the other hand, State banks in healthier surroundings have been of inestimable advantage to the national welfare, whether directly, as in the case of the Bank of France in face of national disasters, or indirectly, as with the Reichsbank of Germany and the Bank of England, the former contributing so largely to the consolidation of the new German Empire, the latter in no small degree to the pre-eminence of our country in international finance. Of great national importance also have been those banks which have taken so conspicuous a part in the establishment of reformed monetary systems, such, for example, as the Austro-Hungarian Bank and the State Bank of Russia.

We must, however, turn without further delay to our particular subject, and consider individually each State bank in the wider sense of the term, attempting of necessity briefly to draw attention to the most distinguishing features in each instance.

ENGLAND.

The Bank of England, "the first joint-stock banking association ever established in this country, and the foremost in stability, magnitude, and importance of the great financial institutions of the world,"* originated in 1694 in the financial needs of the Government and a happy union of patriotism and business

* "A Money Market Primer, etc." By George Clare; pp. 1-71. Gilbart's "History of Banking," Vol. I, sec. 23; Vol. II, sec. 28.

instincts on the part of its political supporters. In return for the loan to the Government of its whole initial capital, the founders of the Bank were granted a Royal charter, with power to issue notes upon Government security to the extent of the capital thus loaned. After various renewals of the charter, the present conditions of the Bank were fixed by the famous Bank Act of 1844, the chief innovations being the sharp division between the issue and banking departments of the Bank, and the limitation of note-issues.

The Bank now works with the enormous capital of £14,553,000—an amount just short of the combined capitals of the Bank of France and the Imperial Bank of Germany—in addition to an accumulated fund of undivided profits, styled the “Rest,” of over £3,000,000; and it is this great capital fund, apart from considerations of State support, which goes far to justify the Bank of England’s world-wide reputation for stability.

The Bank is administered by a Court consisting of a governor, deputy-governor, and twenty-four other directors, elected nominally by the stockholders, but virtually by the Court itself. The deputy-governor serves for two years, and continues as governor for a like period. The directorate, it should be added, is chosen from the merchant class, bankers proper being excluded.

As a result of the Bank Act of 1844, the Bank of England enjoys practically the monopoly of issuing notes, and the exclusive privilege of issuing notes which are legal tender in England and Wales. The limit, fixed in 1844 at £14,000,000, for the issue of notes against securities (the securities including £11,015,100 standing Government debt to the Bank) has been raised to £18,450,000 by the lapse of provincial bank issues, two-thirds of the amount of which revert to the Bank of England for additional issue of notes against securities. The outstanding authorised issues in the provinces having dwindled to less than £2,000,000, the utmost limit possible to the Bank for this class of issue is under £20,000,000. Beyond the current authorised limit, no note may be issued unless its equivalent value be held in gold coin or bullion. Silver bullion is allowable up to one-fourth of the value of gold held, but the Bank does not exercise this option. No limit is set to the quantity of notes issuable against gold.

The note-issue of the Bank of England is by no means of equal importance with the note-issues of foreign State banks. Owing to the ever-growing preference for cheques, and to the comparatively high minimum denomination of £5, the actual use of bank-notes in England for settlements has not advanced proportionately with the growth of industry, and even of the moderate total of notes outside the walls of the Bank “in circulation”—averaging, say, from £25,000,000 to £30,000,000—a large proportion rests in the hands of bankers in lieu of a gold reserve. In harmony with

its modest note-issue, the Bank's holding of gold (averaging £30,000,000 to £35,000,000) is also far surpassed by foreign institutions, but the notes in circulation are so amply covered that for the past ten years the ratio of gold to such notes has averaged as high as 128 per cent.*

Through its three London offices and nine branches in the provinces, the Bank of England conducts an imposing current business, conservative and largely official in nature. Its transactions are characterised by importance, in contrast with the multiplicity of minor operations in the common service, largely gratuitous, which are so marked a feature in the case of some neighbouring State banks. By reason of its intrinsic stability, and the special privileges it enjoys, the Bank of England has come to be emphatically the bankers' bank, and this, through the mechanism of the clearing system and the intimate connections between every bank in the kingdom and one or other of the London clearing bankers, in a degree far beyond what is found in any foreign banking centre. It is true that the important business of re-discounting with the central institution, so habitual amongst continental banks, is here passed, if done at all, through the medium of the bill-brokers and discount-houses, but the mere conduct of the banks' drawing accounts is a vital factor in the situation of the Bank of England. Though the figures have not been separately published since 1877, the bank balances at the Bank of England must form a very considerable portion of the total deposits, which average, roughly, between £45,000,000 and £50,000,000. The Bank, it should be mentioned, allows no interest on deposits.

Unfortunately the weekly returns of the Bank, which are published by order of the Act of 1844, but which are not even supplemented by an annual balance sheet, are meagre in the extreme, in striking contrast with the elaborately detailed information issued by the great State banks on the Continent. It is understood, however, that the discounts do not figure so largely as formerly, and that they are now not so important as the advances and short loans against securities (including deposit of bills). The resources of the money market have so greatly increased since 1844, both by the enormous growth of banking deposits and by the incoming of the foreign banking element, that the Bank's competitors can, as a rule, underbid it, and the Bank does most business when outside supplies are fully employed; it is, in short, the last resort of those who require money and must have it, even on not too easy conditions. With regard to conditions, however, it must be remembered that the Bank of England's official "rate," important still because accepted by bankers in general as a more or less

* "Bankers' Magazine," December, 1904, p. 750, quoting from "*Histoire de la Banque d'Angleterre*," by A. Andréadès, Paris, 1904.

exact guide for their own rates, is in a measure but a nominal quotation, seeing that for many years the Bank has discounted for its own customers at market rates, and that at the country branches bills are taken at the rates current locally.

The one item of the Bank's weekly returns which is of paramount importance is that of the "Reserve," by which is meant the amount of notes and gold in the banking department. This sum, representing directly the reserve against the Bank's current demand obligations, is in reality the ultimate cash reserve of the whole banking system of the country, centralized, as it is, in the Bank of England, and therefore of the entire public. Upon the sufficiency of this reserve depends in a very real sense the financial stability of the country; it reflects at all times the monetary requirements of the nation, and promptly indicates the approach and measures the severity of financial pressure. Naturally, in face of such responsibilities, the usual banking reserves would be quite insufficient, and the ratio is generally kept above 45 per cent. The task of maintaining the reserve at a proper level requires no little foresight and judgment even in normal times, and in periods of panic the reserve may dwindle towards vanishing point, despite all efforts of the directors. By the provisions of the Bank Act, additional notes can be issued only against gold, and in extremity even the highest rates may fail to attract the necessary metal. When such a crisis arrives, there remains but the final resource of a suspension of the Bank Act, by special license from the Government, permitting the issue of extra notes against securities, a resource authorized in the crises of 1847, 1857, and 1866, but put into execution only in 1857.

In addition, however, to meeting the domestic demands which the system of English banking throws more immediately and urgently upon the central bank than is customary abroad, the Bank of England is subject to a duty which in practice distinguishes it from all its *confrères*, and which in no small measure increases the difficulties of its administration. By the Act of 1844 the Bank must not only pay its notes on demand in gold, but must buy all gold tendered to it at the fixed price of £3 17s. 9d. per ounce of standard fineness, and to these two obligations is due the fact that London is the only absolutely free gold market in the world. Hence, in turn, have arisen the necessity and the justification of the Bank of England's vigorous discount-rate policy, a policy instituted to maintain and replenish its gold reserve (the essential basis for its elastic note-issue), and still the principal weapon for combatting adverse exchanges. Critics have pointed out* that the Bank of England rate fluctuates more widely and

* "Bank Rate and the Money Market in England, France, Germany, Holland, and Belgium, 1844-1900." By R. H. I. Palgrave, F.R.S., London, 1903, p. 193.

more frequently than the rates of its important neighbours, to the disadvantage of industry, but it must be borne in mind that the demands upon the Bank of England are more complicated, more severe, and its means of defence more restricted, than is the case with those neighbours, and violent measures may be justified. It is also doubtless true that the Bank's borrowings on stock and other expedients to control the market—ever growing more powerful—and to make its rate effective, are cumbersome* and antiquated; but, on the other hand, the Bank has certainly made some progress in recent years, as, for example, by bidding more freely for gold and by advancing free of interest against imports of the metal.† Whether the Bank should so far depart from its traditions as to hold a portfolio of foreign bills, or whether a general increase in gold reserves would suffice, or a modification of the Bank Act in favour of a taxed excess-issue be the only final remedy, are questions to be left to the currency reformer.

As we have already seen, the note-issues and division of accounts have been regulated by Act of Parliament, but our subsequent references to foreign institutions will show how exceptionally unhampered by the State is the Bank of England as regards its ordinary business. The actual relations between Bank and State, however, are most active. The Bank undertakes the service of the National debt, including the issue of all Government loans and the payment of their dividends, and the issue and withdrawal of Exchequer Bonds and Treasury Bills. It conducts the banking accounts of the Treasury and Government offices generally, and of the Indian and some Colonial Governments. These "public deposits" show very considerable, though varying, balances, ranging, for the year ended September, 1904, from £5,000,000 to £15,000,000. Temporary accommodation, within the limits annually sanctioned by Parliament, is granted by the Bank against deficiency bills, though this method has, since 1902, been partly superseded by the placing of short Treasury Bills directly on the market.‡ For the service of the National Debt the Bank receives a *pro rata* commission, and a further *pro rata* allowance for issues of Treasury Bonds, etc. Interest is paid by the Government upon the standing loan of £11,015,100, but, on the other hand, the Government shares largely, in addition to compounded stamp duty, in the profits from the notes issued against securities, including the whole net profit on notes above the original limit of £14,000,000. The Government, however, in contrast with note-

* See Mr. J. Herbert Tritton's Presidential Address before the Institute of Bankers, November, 1903. *Journal of the Institute*, December, 1903, p. 515.

† See "Bankers' Magazine," 1901, Vol. 71, p. 404 (Address by Luke Hansard); June, 1903, p. 869, and January, 1904, p. 87.

‡ "Bankers' Magazine," September, 1902, p. 383.

worthy instances on the Continent, does not participate in the net profits of the Bank.

The Bank of England is not of the same immediate and direct assistance to traders as are, for example, the Bank of France and the Imperial Bank of Germany, but as the very pivot and support of a highly organised and well-equipped banking system, inspiring an unbounded confidence in all countries, the Bank has been of incalculable benefit to the trade and commerce of the nation, whilst, under the provisions of the Peel Act, it has contributed in no small measure to the still predominant position of London in the international money market.

FRANCE.

From the Bank of England we turn naturally to its great neighbour, the Banque de France, also an association of joint stock proprietors, but much more nearly approaching the character of a State bank. Founded by Napoleon I, in 1800, for State reasons, the Bank of France has survived with distinction trials which do not fall to the common lot. Amid revolutions and hostile occupation of the capital itself, the Bank, it has been remarked, almost alone of the institutions of the country, has held fast to its foundations; and its conduct of affairs in periods of national disturbance has won universal praise for the skill and prudence of the Bank's administration.

The laws governing the Bank have carefully embodied the principle laid down by its founder, that the granting of the privilege of creating credit made the State joint proprietor with those who merely provided the money capital; and under these laws the State has not only determined closely the nature of the operations to be undertaken by the Bank, but has provided for an effective dual control in harmony with Napoleon's concluding dictum: "I wish the Bank to be sufficiently in the hands of the Government, and yet not too much so."*

The Government exercises its influence over the Bank by the appointment of the principal permanent officers, namely, the governor and two sub-governors, removable only at the Government's pleasure; whilst the shareholders take part in the control through a body of fifteen regents and three censors, whom they elect. These, with the governor and sub-governors, form the general council of the Bank, which meets weekly. The censors are without voting power, and are chiefly devoted to the supervision of operations, for report to the shareholders. The general council is assisted by a distinct discount council of shareholders; and the principal branches, whose managers are appointed by the Government, are watched over by bodies very similar, in

* "*Les Opérations de Banque.*" By Courcelle-Seneuil, Paris, 1896, p. 658.

miniature, to the council at headquarters. Official statements are issued weekly.*

The Bank of France has a paid-up capital of Fcs.182,500,000 (£7,300,000), and conducts its business through a wide network of 412 bank-offices (including "towns connected," at which business is only done every fifth day during the month). Offering no interest, the Bank attracts but moderate deposits, the average amount for the past five years, inclusive of Treasury balances, being little more than £19,000,000. This, however, is of little importance in view of the enormous note-issue characteristic of the Bank of France, which has enjoyed the sole privilege of issue since 1857. The conditions of French banking have made the Bank of France notes, of amounts as low as Fcs.5, the chief element in settlements of all kinds, and in response to real demand the permissible limit of issue had to be increased at the last renewal of the charter, in 1897, to the huge total of £200,000,000. No stipulation has been made as to metal reserve against notes, but the Bank has accumulated such stocks of metal that for ten years past the notes in circulation have been covered on average up to 86 per cent.† Notes are legal tender and are payable on demand, but, the monetary system of France being still on the double basis, in gold or silver at the option of the Bank. Recognising, however, the changed conditions in Europe, the Bank has allowed its silver coin (no silver bullion is held) to remain at about £45,000,000, and has raised its stock of gold from an average of £30,700,000, during 1879-83,‡ to £91,300,000 for the quinquennium 1899-1903. Under this policy the Bank of France has now come to be the holder of the greatest banking gold reserve in the world, the present amount being considerably over £100,000,000.

Possessed of such great metallic reserves, and empowered to pay in either metal, the Bank of France can meet with equanimity the demands made upon it, demands in general much more restrained than in either London or Berlin. At times issuing gold freely for domestic purposes, the Bank's usual practice for foreign demands is to charge a premium, which, if occasion requires, may be raised sufficiently either to stop the demand or to drive the would-be exporter to collect the metal from outside sources. For these reasons the Bank of France has been able to regulate its discount rate almost solely by internal requirements, and in recent years to achieve its ambition of supplying the national industries with money at cheaper and steadier rates than are to be obtained in

* For general subject see Palgrave, chap. xv., and Annual Reports of the Banque de France, translated in each August number of the "Bankers' Magazine."

† See "Bankers' Magazine," December, 1904, p. 750, already cited.

‡ Based on figures in "Bankers' Magazine," June, 1900, p. 855.

any other country. For the period 1875-1900 its average rate has been £2 17s. 4d., the next lowest being that of the Bank of Holland, at £3 1s. 7d.*

The discount rate of the Bank of France, it is important to note, is the actual rate at all offices, for all amounts, and for all classes of bills taken, and the Bank in this way regulates pretty closely the charges for the use of money throughout the country.† The need for discriminating rates is obviated by the rule that all bills must be supported by three good names, this condition being satisfied to a very great extent by the bills coming for re-discount from other banks and credit institutions, whose endorsement furnishes the third signature. By these means and the absurdly low limit of items admissible (fixed by the law of 1897 at five francs), the Bank justly claims that it “brings the advantages of discount “within the reach of shopkeepers, manufacturers, and farmers “whose businesses are only concerned with drafts of the very “smallest sums.”‡ The severe competition of the powerful banking companies in France, which bid particularly for the best and least irksome class of bills, has had its effect upon the Bank of France during the past quarter of a century, but the Bank’s holding of bills has averaged over £28,000,000 for the past five years.

In addition to its discounts, the Bank of France does a considerable business in advances, with stringent conditions as to class and margin of securities,§ but at uniform and moderate rates, as a rule one-half per cent. above discount rate. It also makes a large income by the custodianship of securities and other valuables, which service is undertaken for the public in general. Its great network of offices has made possible an especially useful and extensive branch of the Bank’s operations, the transfer of funds from one place to another by means of book entries and orders issued to the public at trifling charges.

A frequent note in the recent annual reports of the Bank is a reference to the great amount of insignificant and unprofitable business undertaken, and it is evident that a great State bank which will discount in one year (1903) nearly three million bills of not more than £4 each in value, and will have as many as 4,162 loans of from £10 to £20 current at one time (January 1st, 1904), is conducted by no means only for the earning of dividends, but with a serious intention of benefitting the trade of the country as a whole.

Banking business in France is not centred in Paris to the degree that English banking centres in London, but almost all

* Palgrave, pp. 149-152, and table on p. 210. † *Ibid.*, p. 149.
‡ Report for 1901.
§ “A History of Banking in all the Leading Nations.” By various Authors. Four Vols. New York, 1896. Vol. III, p. 82.

the banks of good standing have direct connections with an office of the Bank of France, and commonly re-discount with it a portion of the bills they hold.* Their balances cannot approach the relative importance of the bankers' balances with the Bank of England, and in normal times the outside banks in their competition thrive at the expense of the central bank. But "when periods of trouble supervene," writes M. P. Essars, "and depositors withdraw their money from the ordinary banks, the Bank of France comes to the front with its inexhaustible resources to supply all needs. Its operations, commonplace enough in commonplace eras, become energetic and decisive in emergencies of economic and political distress. Then the Bank is a rock to which all the nation clings."† To illustrate the Bank's traditional policy in such emergencies, it is sufficient to recall its advance of £8,000,000 to the Comptoir d'Escompte in 1889, and its welcome loan of £3,000,000 in gold to the Bank of England to meet the Baring crisis in 1890.‡

The occasion of the latest renewal of the charter, in 1897, was seized by the Government to greatly increase the advantages exacted from the Bank in return for its privileges, and as the result the Bank conducts the Treasury accounts, undertakes the service of the French rentes and provides for the temporary requirements of the Treasury by the negotiation of its bonds, entirely without remuneration. Further, the permanent advance in favour of the Government was increased in 1897 to £7,200,000 (Fcs.180,000,000), and made free of interest during the continuance of the charter. The Treasury accounts show very active movement, and appear to range fairly parallel with the public deposits in the Bank of England;—the balance on December 31st has averaged £9,500,000 for the past five years.

Though the French Government does not take a fixed proportion of the Bank's net profits, it nevertheless shares liberally. Besides stamp duties (on a lower scale for notes covered by metal) and a tax on dividends, the Bank pays to the State a duty of one-eighth of the official discount rate upon the productive note circulation (*i.e.*, the proportion of notes not covered by metal) with a minimum yield of £80,000 per annum. Another stipulation, not likely to be very fruitful, is that three-fourths of the profit which shall accrue to the Bank consequent upon the raising of discount rate above five per cent., shall go to the Government. From these varied sources the Government has profited during the past five years to an extent of over £1,500,000.§

By reason of its services to the State, alike in normal times and in periods of greatest national danger, and the assistance it so liberally renders to all classes and grades of the community, the

* Courcelle-Seneuil, p. 173.

† *Ibid.*, Vol. III, p. 72.

‡ "Leading Nations," Vol. III, p. 100.

§ See Annual Reports.

Bank of France has indeed the right to boast that it is the bank of the whole French nation. Its aim has been the provision of the fullest and most economical banking facilities for the country at large, and perhaps the most serious criticism of the institution is that the Bank has succeeded so completely as to be partially responsible for the tendency to stagnation which seems to prevail in great sections of French industrial life. It may be granted, however, in the words of a writer celebrating the centenary of the Bank of France,* that "as a banking establishment it is a model of strict propriety, honourable dealing, and perfect organisation, and its traditions during the hundred years of its existence have ever been of the highest."

GERMANY.

The Reichsbank, or Imperial Bank of Germany, in reality an outcome of the old Bank of Prussia, in its present form dates only from 1875, when it was established as an essential factor in the consolidation and development of the newly formed German Empire.

As regards capital, which was raised in 1901 to £7,500,000 (M.150,000,000), and which is not locked up in permanent investments but currently employed, the Bank is joint stock property.† The control of the Bank, however, is distinctly in the hands of the Imperial authorities. At the head is a body of Imperial supervisors, the Bank Curatorium, which meets quarterly, and consists of the Imperial Chancellor, one member appointed by the Emperor, and three others by the Federal Council. The actual administration is carried on by the Imperial Chancellor (or a representative appointed by the Emperor) and a board of eight directors, all appointed for life by the Emperor on the recommendation of the Federal Council. The proprietors are allowed to share in the detailed management through a Central Committee of fifteen members and fifteen substitutes, chosen by the shareholders from themselves. The entire system, however, is subject to the Imperial authority through the Chancellor, without whose sanction no measures may be undertaken, and whose veto overrides even resolutions of the directorate. The Bank publishes a statement of its position in prescribed form four times a month.

The conditions of note-issue fixed by the German Bank Act of 1875 are somewhat analogous to those prevailing in England, with a most important exception. The German law providing a safety-valve in the form of a permissible excess issue against securities,

* "Bankers' Magazine," Vol. LXX, 154.

† For general subject see Palgrave, pp. 154-173, and the Annual Reports translated in the August numbers of the "Bankers' Magazine"; also "Leading Nations," Vol. IV, pp. 32-36, for Bank Act of 1875.

subject to a tax of 5 per cent. per annum on the excess. Allowing for the raised limits under the law of 1899, and the reversion to the Reichsbank of lapsed issues of other banks, the present position of the Imperial Bank's issue is as follows :—

- (1) Any amount against equivalent specie.
- (2) £23,500,000 against security (good bills).
- (3) Any further amount subject to a tax of 5 per cent., subject always, however, to the two provisions that :—
 - (a) Specie shall be held equal to at least one-third of the notes in circulation.
 - (b) Good bills shall be held equal to the notes not actually covered by specie.

The influence of the separate States did not allow of the forcible withdrawal of the privilege of note-issue from the older banks, but the conditions attaching to the privilege were purposely made so onerous that of the thirty-two banks originally issuing notes five only now exercise the privilege, to the total extent of £3,580,000* against securities. This amount may in time revert to the Reichsbank.

Profit, it is evident, can only be derived from an excess issue if discount rate be over 5 per cent., and the intention of the Act of 1875 was that the rate should be raised to at least 5 per cent. whenever notes were issued in excess of the free limit; but in practice—whether from philanthropic motives or the fact that such a rate was not warranted and would drive the Bank out of the market—this course has not been followed.† The privilege of excess issue has been availed of to a considerable extent. In both 1899 and 1900 as many as twenty out of the forty-eight "weekly" statements showed excess issue to an average extent of over £6,000,000 on each occasion; and even in 1903, with the present raised limit, no fewer than seven weeks showed excess, to the average extent of above £5,500,000. It is evident, therefore, that the authorised limit has been fixed too low to meet even the periodic demands of an ordinary year.

The actual note circulation of the Reichsbank has gradually expanded until the average for the past five years has reached £59,000,000, against which there has been an average metal reserve of £44,000,000. Throughout, a far larger proportion of metal than the legal one-third has been maintained, the average cover for the ten years 1894-1903 amounting to 81 per cent. (gold

* "Bulletin de Statistique et de Législation Comparée," Paris (Ministry of Finance), April, 1904, p. 525.

† See Article on "New German Banking Law" in "Quarterly Journal of Economics," Vol. XIV, p. 270, etc.

only 56 per cent.)* Silver has been held in diminishing proportion of late years. Notes are not legal tender, and must be paid at presentation, in gold if so required.

The rapid advance of Germany into the sphere of international finance has given to the Reichsbank's gold reserve an added importance, and its maintenance necessitates constant care. With the obligation to pay in gold if required, the Bank not only follows a vigorous discount-rate policy after the fashion of the Bank of England, but is understood to exercise a restraining influence over would-be exporters of gold by making it known that such applicants risk incurring the Imperial Bank's displeasure. In addition to such expedients as raising its purchase price and making advances free of interest against forthcoming imports of gold, the Bank has developed a further means of guarding the exchanges in the shape of foreign bills. These, since 1897, have been held to the average extent of £2,250,000, and it is significant that all but a trifling fraction have been drawn on England.†

The Bank does a voluminous and steadily growing business throughout the empire. Its great system of branch offices, 391 in number and well distributed, centralises business more and more in Berlin, and facilitates a most valuable feature of the daily operations, the transfer of money from place to place by book entry free of charge. The only requisite that the recipient shall have an account at a Reichsbank office. Another feature of growing importance is the establishment of clearing houses in connection with the head office and certain important branches of the Reichsbank. Though not very imposing in their figures, the system tends to economy in currency, and will become increasingly valuable. According to the latest report, there were such clearing houses at eleven of the Reichsbank offices, and the facilities were shared in by 136 banks, inclusive of the Reichsbank. Current accounts have grown steadily to an average of over £27,000,000 (1899-1903). A certain amount of business is done in advances, but on severe conditions, and it may be that loans on securities are not encouraged, seeing that bills are the only form of security admissible as cover for note-issues.

Bills are the predominant feature of the Bank's business. They have risen to an average holding of £40,000,000 for the period 1899-1903, and 80 per cent. of the Bank's gross profit comes from this source.‡ Three months is the extreme limit of currency, and so liquid a portfolio does the Bank keep, that the figures for some years past (for December 31st) show more than one-third of the bills held to be maturing within fifteen days. Discount rate, which is uniform at all offices, and is very rarely departed from as a

* "Bankers' Magazine," December, 1904, p. 750, already cited.

† See Annual Reports.

‡ Palgrave, p. 166.

minimum, has ruled somewhat above the English rate, but the powerful banks, such as the Deutsche Bank, Dresdner Bank, and others seize the finest paper, and a very large proportion of the Reichsbank bills come for re-discount from other banks, etc. The Bank has by this means, directly or indirectly, proved of great assistance to the small co-operative financial societies (Schulze-Delitzsch and Raiffeisen societies), which are so important a feature in the German economic system.* The banks re-discount very freely with the Reichsbank, which, as the editor of "*Le Marché Financier*" remarks, is "in a sense, the universal discount counter."† They do this particularly at those seasons of the year and other special periods when the outside market is restricted. The "weekly" returns show clearly by the periodical increases in note-issues and discounts how dependent upon the Reichsbank are the outside institutions at all but the most easy and most normal times, and in recent years the Bank has admittedly increased its command of the situation. This has been especially marked since the Leipziger and other bank failures in 1901, when the Reichsbank came so liberally to the assistance of the market.‡

The Bank Law of 1899, which came into force on January 1st, 1901, took steps to restrain the competition of the five smaller issuing banks, by binding them to the Reichsbank's official rate when at 4 per cent. or higher, and by allowing them only $\frac{1}{4}$ per cent. latitude at (practically) all other times.§ In due time, no doubt, this measure will have its desired effect of driving the banks in question to choose the privilege of free discounting, and to leave the Reichsbank with the monopoly of note-issue.

The Reichsbank is the bank both of the Imperial Government and of the Federal State Governments, and is bound to receive and to make payments—free of compensation—on account of them all, within the authorised extents of their credits. The movements of the Treasury accounts form a considerable part of the general operations of the Bank. For the five years past, Government balances have ranged between £4,500,000 and £18,600,000, and have averaged £10,200,000. The temporary needs of the Government are, as a rule, met by the Bank against Treasury Bills, which are re-discounted in the market as need or opportunity arises.

In return for the privileges granted, the State requires from the Bank a very substantial share of its profits. Exclusive of an annual tribute of £93,000, still paid to the Prussian Government

* "*Leading Nations*," Vol. IV, p. 64.

† "*Le Marché Financier* en 1902-3," Paris, edited by A. Raffalovich, p. 9.

‡ See Article on "Banking and Finance in Germany." By W. C. Dreher, "*Bankers' Magazine*," May, 1904.

§ See Article on "Modern Discount Policy." By N. E. Weill, "*Bankers' Magazine*," Vol. LXXII, 1901, pp. 351 and 465.

as a legacy from the old Bank of Prussia, and the excess-note tax, the Bank has to hand over to the Imperial Treasury three-fourths of the net profit remaining after allowing for a $3\frac{1}{2}$ per cent. dividend to the shareholders and transferring 20 per cent. of the balance to reserve fund. Only the remaining one-fourth profits falls to the shareholders in supplement of their $3\frac{1}{2}$ per cent. dividend. This revised arrangement has yielded the State a net aggregate profit for the three years of close upon £1,750,000. It should be added that the State reserves the right to either terminate the Bank's privileges, or to purchase the capital at par value at any period of renewal.

It is evident that the Reichsbank has excellently fulfilled the purposes of its foundation. It has been of vital assistance in establishing the gold standard, and in the rapid development of the new German Empire, and it continues by its note-issues, discounts, and other services, an indispensable factor in the welfare of German industry as a whole.

AUSTRIA-HUNGARY.

The Austro-Hungarian Bank has existed under its present title and charter only since 1878, but is the successor of the old National Bank of Austria, which was founded in 1816.* Changes have been made in the constitution rather to meet the susceptibilities of the Hungarian race than serious business needs, and, indeed, owing to the incessant differences between the two sections of the monarchy and the difficulty of any united legislation, the Bank's charter, which expired in 1897, is now continued only under ministerial decree and with provisional modifications.

At present the Bank is administered by a governor and two vice-governors, all appointed by the Crown, the governor on the joint recommendation, and the vice-governors on the separate recommendations, of the Austrian and Hungarian Ministers of Finance. A general Council is elected by the shareholders, composed of six Austrians and six Hungarians. These two sections, each under the presidency of the appropriate vice-governor, act as boards for the control of the business of the two sections of the Bank, with head offices at Vienna and Budapest respectively. The General Council, comprising the two boards, meets the racial difficulty by deliberating alternately at Vienna and Budapest. Two commissioners are also elected by the shareholders for audit purposes.†

* For general subject see "Leading Nations," Vol. IV, pp. 92-120; and interesting article on "The Austro-Hungarian Bank," by W. G. Clay, "Bankers' Magazine," 1899, Vol. LXVIII, pp. 349, 472, etc.

† "Leading Nations," Vol. IV, p. 120. Also "Dictionnaire du Commerce, de l'Industrie et de la Banque," 2 vols., Paris, 1898-1901. Edited by Y. Guyot and A. Raffalovich. Vol. I, p. 429.

The Bank is a joint stock undertaking, with a capital of Kr.180,000,000 (£7,500,000), and transacts its business through two head offices and eighty branches. Apart from State-issued notes, the redemption of which through the Bank is now practically complete,* the Bank has always had the monopoly of issue, and its notes are legal tender. Although the actual law for compulsory resumption of specie payments is still delayed, the Bank has voluntarily paid its notes, even in gold, since 1901. In 1887 a form of the German note system was adopted, and the Bank is now authorised to issue notes:—

- (1) To an unlimited extent against specie;
- (2) Up to Kr.400,000,000 (£16,660,000) not against specie;
- (3) In excess of the above, subject to a tax of 5 per cent. per annum on the excess;

provided always that a metal reserve be maintained equal to two-fifths of the entire circulation, and that the remaining three-fifths be covered by bills or other securities. Foreign bills up to £2,500,000 may count as metal reserve.

The Bank accumulated gold even in anticipation of the law of 1892 for the reform of the monetary system and the adoption of the gold standard, and, continuing that policy, it now holds the third largest gold reserve in Europe with a total of over £48,000,000 (September, 1904). With silver about £12,000,000, the Bank now has a metal reserve of over £60,000,000 to support a note circulation of, say, £71,000,000.

Notes and coin form the basis of all commercial transactions outside the most important centres, and deposits, on which the Austro-Hungarian Bank allows no interest, are quite small. A considerable business, however, is done in advances and discounts, the latter having grown steadily, more especially through the Hungarian branches. Large numbers of its bills reach the Bank in the way of re-discount, the smaller financial houses providing the third signature required by the statutes of the State Bank. Discount rates are somewhat high—averaging 4.17 per cent. from 1886 to 1903†—but not excessive in view of the special conditions of the country and the establishment of the gold standard. For the protection of its gold reserve the Bank has been very active in its dealings in foreign bills, which, as has already been remarked, are regarded as metal reserve.

A distinctive feature of the Austro-Hungarian Bank's business is that of land mortgage loans, which are granted at 7 per cent. for periods up to thirty-two years, within half the value of the property. This business is kept separate from the ordinary bank-

* "Le Marché Financier en 1903-1904," p. 1041.

† "Bulletin de Statistique," Feb., 1904, p. 231.

ing operations, and funds are provided by 5 per cent. mortgage bonds which the Bank is authorised to issue up to an aggregate of £12,500,000.*

Though the Bank re-discounts liberally for other banks, especially for provincial institutions, it is not quite so predominant as are many other State banks. Many of the banks keep reserve accounts with the central bank, but its position is somewhat affected by the peculiar Giro and Cassen-Verein, which, besides acting as a general clearing and collecting agent for the Vienna banks, receives deposits and serves very largely as a central reserve institution for its banking-house members.† The pre-eminence of the Austro-Hungarian Bank, moreover, is somewhat weakened by the fact that it is only one of several banks to be entrusted with State loans and conversions, and much business generally conducted for their Governments by State banks is in Austria-Hungary either distributed or undertaken directly by the Treasury. Treasury balances, for example, are not deposited with the Bank, and, indeed, it was not until 1898 that the Treasury opened a current account in the Bank's books.

The Bank grants the State a standing loan of Kr.160,000,000 (£6,660,000)—reduced somewhat by application of the State's share in the Bank's profits—free of interest during the continuance of the Bank's privileges. The State shares in the profits under a scheme which gives the Government (70 per cent. to Austria and 30 per cent. to Hungary) one-half the net profits after a 7 per cent. dividend and certain reserves have been provided for, this being in addition to any tax on excess note-issues. As a matter of fact, however, on several occasions the profits have not permitted a 7 per cent. dividend, and the State accordingly has not participated.‡

Seriously hampered in its commercial developments by the racial antagonism which unfortunately is ever present, the Bank has nevertheless played an all-important and most worthy part in the practical accomplishment of the great monetary reforms inaugurated by the Government in 1892, and has even increased its relative importance amongst the great banks of Europe.

RUSSIA.

With the Banque de l'Etat of Russia we at length come to the consideration of a State bank in the fullest sense, a bank with its capital provided by the State and responsible only to the State.

* "Leading Nations," Vol. IV, pp. 102, 109; Guyot "Dict. du Commerce," p. 428.

† "Leading Nations," Vol. IV, pp. 124-125.

‡ "Bankers' Magazine," Feb., 1898, p. 241; Feb., 1903, p. 197.

A successor and combination of earlier credit institutions of the State, some dating from as early as 1754, the present bank was originated in 1860, with the aim of remedying the thoroughly demoralised currency of the country, a mass of irredeemable State notes. In 1894 the statutes of the Bank were completely remodelled, the expressed main object being "to facilitate, by means of credit for short terms, the movement of commerce, and to promote the success of national industry and agricultural production."*

The capital of the Bank was raised to R.50,000,000 (£5,000,000) by a transfer from the Treasury, and a Council of Administration appointed. The Council, however, contains a majority of representatives of State departments, and only two elected members,—one from the nobility, the other from the merchant class,—and the Bank remains in reality a bureau of the Ministry of Finance. The managers and their assistants are appointed by Imperial decree. Detailed reports are published four times a month.

In fulfilment of the Imperial Decrees of 1897 establishing an absolute gold standard, the paper currency has been revolutionised, and in place of enormous issues of irredeemable State notes, with little support but State obligations, there now exists a bank-note circulation, legal tender but payable on demand in gold, supported by the second largest (if not at the moment the greatest) stock of gold in Europe. The Bank of Russia may issue up to R.300,000,000 fiduciary notes, but since 1896, when the bulk of the Treasury reserve was transferred to the Bank, the Bank has held gold far in excess of the notes issued. These, inclusive of the notes held in reserve, were reduced by 1899 to £63,000,000, and have remained at that point until 1903, when a small "complementary issue" was required in the autumn.† During 1904, doubtless as a measure of war finance, the notes in circulation have been rapidly raised from £57,000,000, in January, to £84,000,000 in November, but the metal reserve (including a few millions in silver) has also mounted to £107,000,000.

Although the Bank gives interest on deposits—at high rates for fixed periods‡—current accounts amount only to between £12,000,000 and £15,000,000. Discounts are the most important item, amounting at the end of 1903 to £25,700,000, with a 4½ per cent rate.§ Bills are taken up to six months, and in certain cases up to twelve months, but long-dated bills are charged much higher

* For general subject, see "A History of Modern Banks of Issue," by Charles A. Conant, New York, 1896, pp. 235-249. Also "Leading Nations," Vol. II, pp. 384-396; and excellent article by P. Bark in "Bankers' Magazine" of New York, July, 1898, pp. 33-65.

† "Le Marché Financier en 1902-1903," p. 13; and "Bulletin de Statistique," January, 1904, pp. 145-146.

‡ "Leading Nations," Vol. II, p. 362.

§ "Bulletin de Statistique," January, 1904, pp. 100-101.

rates. Loans and advances, which at the close of 1903 amounted to £22,000,000, are an interesting item, for, in virtue of the objects set before the Bank in 1894, already referred to, credit is granted on a very wide basis, upon the security of real estate, merchandise and produce, agricultural and manufacturing tools and machinery, growing crops, and "other guarantees which may be approved by the Finance Minister."* The Bank is further required to advance funds required by the national pawn-establishments.

The relations of the State Bank with the commercial banks do not appear to be very active, but all are watched over by the State, and, when need has arisen, the State Bank has been empowered to assist the banks and the market generally in various ways. This policy was especially noticeable in the financial strain of 1899 and 1900.† In obedience to various decrees, the State Bank undertakes the management of the Savings Banks, receiving and investing their funds; and, for the promotion of local credit, gives its support, and may even contribute the necessary capital, to small rural banks and credit associations, the formation of which throughout the country is very actively fostered by the Imperial authorities.‡

It is evident throughout that the Bank of Russia is committed by its State control to far wider and, in a sense, more philanthropic operations than are commonly undertaken by banks. It is not a bank pure and simple, but an engine of State for the assistance of any objects favoured by the State and touching finance. It is said§ that the ordinary business of the Bank is gradually drifting to the private banks, and that the State Bank becomes more and more distinctly a medium of State finance, this process having been emphasized by the amalgamation of the State local Treasuries with the 124 branch offices of the Bank. The various Treasury accounts now average about £50,000,000. Naturally, all profits of the Bank go to the Treasury (from 1890-6 they averaged about £880,000 per annum),|| and any losses are borne by that department.

The Bank has been made the means of a thorough and well-executed reform of the national monetary system, and has been active in furthering the development of national industry, but in all it figures merely as an instrument of the State; its credit or

* "Leading Nations," Vol. II, p. 384.

† See "Bankers' Magazine," January, 1900, p. 55; June, 1900, p. 932; September, 1900, p. 245.

‡ "Leading Nations," Vol. II, p. 410; and "Bulletin de Statistique," March, 1904, p. 417.

§ "Le Marché Financier en 1903-1904," p. 636.

|| "Bankers' Magazine" of New York, July, 1898. Article by P. Bark, already cited.

discredit is that of the Ministry whose orders it carries out. Its operations in late years have been directed intelligently and benevolently, but in the absence of effective outside influence there remains the danger that in grave emergencies the Bank's finances may have to subserve immediate State necessities rather than ultimate public advantage.

BELGIUM.

The Banque Nationale de Belgique was founded by Act of 1850, as the result of the continued difficulties of two banks previously favoured by the Government. A new charter was granted in 1872, and renewed in 1900 with little modification, except to increase the Government's share in the profits.

The administration of the Bank is headed by a governor, appointed by the King. Then follow a vice-governor, also appointed by the King from amongst the directors, and six other directors elected by the shareholders. No director may be a member of the administrative council of another bank. In addition, the shareholders choose for supervision and audit purposes seven censors, who, with the governor and directors, make up the General Council. This body, which meets monthly, appoints a separate discount council and a smaller administrative council meeting thrice a week, for the detailed control of the Bank.*

The Bank is a joint stock association, with a capital of Fcs.50,000,000 (£2,000,000), and an accumulated reserve of £1,225,000 (December 31st, 1903). It enjoys the exclusive privilege of issuing notes, and these are legal tender "as long as they are redeemed in coin on demand and receivable in public depositories," this condition depending on the Minister of Finance. No limit of issue is fixed, but specie should be held equal to one-third of the combined total of circulation and other sight obligations. The Minister of Finance, however, may at his discretion set aside this regulation, and, as a matter of fact, the statutory "metal reserve" is only maintained by including the Bank's holding of foreign bills payable in gold, which in recent years have considerably exceeded the actual specie. Notes are issued of as low denomination as Fcs.20, and the circulation has rapidly expanded, the average for 1903 having reached £25,400,000, against averages of £4,640,000 specie and £6,380,000 foreign bills.

Gold, it appears, has been less and less used in Belgium,† and the small metal reserve has proved sufficient in practice. With a monetary system still on the bimetallic basis, the Bank may pay in

* For general subject see Palgrave, pp. 181-189; and Annual Reports for recent years, translated in "Bankers' Magazine."

† See Report of Monetary Commission, "Bankers' Magazine," July, 1902, p. 35.

gold or silver, at its option, and its exceptionally large stock of foreign bills, whilst yielding profit, gives it power to regulate the foreign exchanges and to import metal when occasion requires. Mr. Palgrave* mentions that for a period of twenty years foreign bills had constituted one-fifth of the total discounts, and for the past few years the figures show a proportion of considerably over one-fourth, the amount on December 31st, 1903, being £6,170,000, in a grand total of £21,300,000. In discounting inland bills, the Bank is strictly confined to commercial paper (now including agricultural), declining, for instance, bills drawn on a bank.

The official discount rate is uniform at all offices of the Bank (41 in number), and foreign demands, as we have seen, being otherwise provided for, it has been possible to maintain it at the very moderate average £3 8s. 1d.† In order more completely to serve the country with discount facilities, the Bank employs in the provinces numbers of private partnership institutions (*Sociétés en nom collectif*)‡ which extensively receive discountable bills for the Bank, accept the responsibility for due payment, and are remunerated by a *del credere* commission. With such arrangements and favourable rates, the discount and re-discount business of the Bank is very active, and is calculated to meet the genuine demands of trade throughout the country.

Current account business is small, balances averaging but £2,170,000 during the year 1903. A most important feature in the public interest, however, is the system of transfers (*accréditifs*) from one place to another, not restricted to customers, effected by orders issued free of charge at any office of the Bank. As with other sections of the business, the Bank is under strict regulations as to advances: it may not lend on mortgages or upon deposits of industrial stock, nor may the Bank take any part, direct or indirect, in industrial enterprises.§ It must be borne in mind, however, that modifications in the operations may be made by the General Council if approved by the Minister of Finance.

The Bank conducts all the usual banking business of the State, making temporary advances as required, and attending to the service of the public debt. In addition, the Bank undertakes gratuitously the management of the important State Savings Banks business, actually receiving deposits and making payments at its own offices, and, further, the control of the Government pension system. A peculiarity of the State account with the Bank is that all surplus balances thereon are invested by the Bank in commercial bills, the profit on which is credited to the State. By the terms of the renewed charter of 1900 (retrospective to January 1st, 1899, as concerned profits), the State shares even more con-

* Palgrave, p. 185.

† *Ibid.*, p. 210, for 1851-1900.

‡ Palgrave's "Dictionary of Political Economy": *Sociétés Commerciales*.

§ Conant, p. 253.

siderably than before. In addition to various taxes, the Government takes bodily one-fourth of the net profit in excess of 4 per cent. on the capital, $\frac{1}{4}$ per cent. upon the average circulation of notes above the limit £11,000,000, and all net profits from discount rates above $3\frac{1}{2}$ per cent. (another deterrent to high rates). During the three years 1901-3, this scheme has yielded to the Government about £720,000 out of total net profits £1,320,000.

It is urged that the Bank's relations with the Government are far too close for the general public advantage, and that no other bank in the world "assumes gratuitously equal responsibilities, or surrenders to the Government so large a portion of the profits."* It must be admitted, however, that the shareholders' dividends have been satisfactory, and that the Bank has been of great benefit to the nation as a whole. Figures given in the Report of 1900, reviewing the fifty years' career of the Bank,† show excellent and regular growth in all directions, and the Report comments on the statistics as follows: "What do these amounts show but that the Bank has completely performed its duty; that it has fulfilled the object for which it was established; that it is closely associated with the economic well-being of the country? While developing its own business, it has brought about the development of our trade and manufactures, to which it has constantly afforded in the most complete manner the help which was foreseen in the charter of its foundation."

HOLLAND.

The Nederlandsche Bank, founded in 1814 in succession to the Bank of Amsterdam, is a limited liability company, with a paid-up capital of 20,000,000 guilders (£1,660,000). The latest renewal of its charter came into force as recently as April 1st, 1904, but made few changes except in the division of profits.

The governing body consists of a president, five regents (directors), and a secretary, the president and the secretary being appointed by the King, the regents elected by the shareholders. The latter also choose at least fifteen commissioners for the supervision of the transactions of the directorate. The State exercises supervision through a Royal Commissioner, appointed and salaried by the Crown. An abstract balance sheet, in prescribed form, is published weekly.‡

The Bank of Holland has the exclusive privilege of issuing notes, which must be paid on demand and constitute a first lien

* "Leading Nations," Vol. III, p. 286.

† "Bankers' Magazine." Vol. LXXII, p. 235.

‡ For general subject see Palgrave, chap. XVII; and especially "Bankers' Magazine" for November, 1904, with full Report for 1903-4, and text of new Bank Law, pp. 595-624.

upon assets. They are receivable at all State offices, but are not legal tender. The lowest denomination hitherto has been 25 guilders, but from October 1st, 1904, notes of 10 guilders (16s. 8d.) are issuable in place of State notes to be withdrawn. No restriction is made as to the total circulation, but the Bank must hold metal reserve equal to 40 per cent. of the combined amount of notes issued and other sight liabilities. The proportion of gold to silver is not determined by law, but according to the last annual report, dated March 31st, 1904, £5,300,000 gold and £6,700,000 silver made up the total metal reserve of £12,000,000 to support demand obligations amounting to £20,300,000. The notes alone averaged £19,500,000 for the year.

With regard to its gold reserve, the Bank of Holland has always followed the bold policy—in contrast with the policy of the Banks of France and Germany—of allowing gold to be taken freely for export when required, whilst economising the metal in the case of internal demands. This has been considered the best course in the long run to preserve parity in the foreign exchanges, and the Council has, in connection with the new charter, actually given an official declaration to the Government to the effect that gold shall be allowed to be taken for export, at fixed standard rate, whenever the exchanges rise above par. The safety valve of the Dutch monetary system, as Mr. Palgrave expresses it,* and of the Bank of Holland, is provided by the law permitting the Minister of Finance, if need arise, to withdraw from currency silver up to £2,080,000, to be melted and sold in exchange for gold.

The Bank has twenty bank offices proper, and eighty-three correspondents, almost all the latter having authority to grant loans and discounts. Current accounts are insignificant (balances on March 31st, 1904, £532,000). Loans and advances against security, including merchandise, are an important item, figuring in the balance sheet at just over £3,000,000, but the principal business is in discounts, which amounted to £5,500,000. As in the case of the National Bank of Belgium, all but strictly trade bills are rigorously excluded. A relatively large business is done in foreign bills (£720,000 in the above amount), but by statute, the amount thus invested may not exceed for more than fifteen consecutive days the reserve of available metal at the Bank (*i.e.*, the reserve in excess of the 40 per cent. required against demand liabilities). The Bank of Holland may not engage in industrial enterprises, and may not invest in securities beyond its statutory reserve fund and one-fifth of its capital.

The Bank of Holland, it must be admitted, is not so largely a bankers' bank as any of the institutions already considered. Business in Holland moves more sedately than in the neighbouring countries of Belgium and Germany, and is more in the hands of

* Palgrave, pp. 176-7.

banking houses of old standing and independent stability, which are so conspicuous in Holland; hence, doubtless, the much lower figures in the returns of the Bank of Holland as compared with the National Bank of Belgium.

The Bank's relations with the State are closely regulated by statute. The Bank undertakes gratuitously the charge of the State Treasury at Amsterdam, the duties of cashier to the State at all its Agencies, and the detailed care of the funds and securities of the Post Office Savings Bank. Under the new law, the Bank is to assist in redeeming the paper money of the State. Temporary advances on Treasury bonds are to be granted free of charge, up to £1,250,000 current at any one time; but these must not reduce the available reserve* of the Bank below £830,000, and are to cease if the State resumes the issue of paper money. Beyond these facilities, the State, under the new law, is to take practically two-thirds of the net profit after payment of a 3½ per cent. dividend to shareholders, who receive also the remaining third. Under the former law, the State did not participate until a dividend of 5 per cent. had been paid.

The Bank of Holland has won an extremely high reputation by its unassuming, judicious, mode of working, and by its attention to the real commercial needs of the country, for which it has provided credit facilities at more equable and more moderate rates than any other State bank in Europe, the average rate for the period 1845-1900 being £3 6s. 4d., as compared with the English average, £3 12s.†

SPAIN.

Turning from north to south we come to an institution not in theory a State bank, but in practice so largely an instrument of the State that its commercial side has become of quite secondary consideration.

The Banco de España,‡ under its present name, succeeded to the Bank of San Fernando in 1856, and is a joint stock company, with a capital of 150,000,000 pesetas (approximately £6,000,000 at par of exchange). The administration is in the hands of a Council, with a governor and two sub-governors, appointed by the King. Since 1874 the Bank has had the exclusive privilege of note-issue, the limits authorised having been greatly increased from time to time in response not to commercial needs but to the exigencies of successive Governments, whose financial requirements could only be met by fresh issues of practically irredeemable paper. The present limit of P.2000,000,000 (£80,000,000) was fixed by law of 1902, and a metal reserve must be held according to the following sliding scale:—

* See above, p. 473.

† Palgrave, p. 210.

‡ "Leading Nations," Vol. III, pp. 243-7.

- (1) Against notes up to P.1200,000,000 metal for one-third the amount, of which one-half to be gold;
- (2) Against notes P.1200/1500,000,000 a metal reserve of 60 per cent. (*i.e.*, on the balance above P.1200,000,000), of which two-fifths must be gold;
- (3) Against notes P.1500/2000,000,000 a metal reserve of 70 per cent. (*i.e.*, on the balance above P.1500,000,000), of which one-half must be gold.*

The Bank's notes have been principally issued to meet the incessant demands for accommodation on the part of the Government, the satisfaction of which has but resulted in a corresponding deterioration of the Bank from a sound financial point of view. These demands were particularly heavy during the Spanish colonial war, for which purpose the Bank advanced as much as £40,000,000,† and the Bank's portfolio still contains £28,000,000 Government *pagares* (floating debt paper),‡ in addition to an actual loan of £6,000,000.§ The Bank has suffered throughout from a too close intimacy with the Government, and its credit is closely bound up with that of the State.

The law of 1902 indicated a serious wish to lessen the subservience of the Bank to the State. Clause 6 stated that arrangements were to be made for the most efficacious and practical means of aiding commerce, industry, and agriculture, to encourage and expand industrial and agricultural credit and for the discounting by the Bank of drafts, policies, etc., made by industrial and agricultural associations and rural credit associations.|| In fulfilment of this law, agreements were come to for the reduction of the note-issues as soon as possible, for the reduction to 2 per cent. of the interest on Government *pagares* (to be repaid within ten years), for the opening of special gold accounts and for the discounting of agricultural and industrial paper, but little tangible result seems to have been achieved. The Bank's figures at the close of 1903 were as follows:—Metal reserve, £33,600,000, including £14,500,000 gold; note circulation, £64,000,000; current accounts, £26,000,000; discounts, £36,000,000 (including £28,000,000 Treasury paper); advances on securities, £4,300,000; discount rate, 4½ per cent.¶ Branch offices numbered 59.

Various conferences have been held of recent years, and schemes propounded with the object of improving the basis and operations

* "Bulletin de Statistique," July, 1902, pp. 90-93.

† "Bankers' Magazine," September, 1898, p. 379.

‡ "Bulletin de Statistique," April, 1904, p. 548.

§ Current reports given in "The Statist."

|| "Bulletin de Statistique," July, 1902, pp. 90-93.

¶ *Ibid.*, January, 1904, pp. 100-101.

of the Bank of Spain, the proposals having been mainly directed to the improvement of the foreign exchanges and the bringing of the country at least nearer to the possibility of a gold standard. Syndicates have been formed with the co-operation of the Minister of Finance and foreign banks, and the Bank has opened agencies in London, Paris, and Berlin with these objects, but exchange on London still stands at about 33 (parity 25.25). The "Syndicat des francs" was dissolved in 1903, and an elaborate scheme proposed for the formation of a special bureau at the Bank under the orders of the Ministry of Finance, to conduct special operations for the recovery of the foreign exchanges, the project involving the prohibition of the Bank from lowering its discount rate without authority of the Minister. As the Minister of Finance, however, himself has said, more radical measures are necessary, including properly balanced budgets, the repayment of the Government's credits due to the Bank, and the reduction of the note circulation.* But, as it has been remarked with apparent truth,† "this country is always on the point of putting in order its monetary or fiduciary circulation, but it stops short at the intention."

An unfortunate feature is that the intimate connection with the Government has been extremely profitable to the Bank, the dividends of which have far exceeded those of the other important issuing banks of Europe. For the year 1903, for instance, after paying various Government imposts amounting to £580,000, the shareholders still profited to the extent of 22 per cent.,‡ and this element of profit may possibly stand in the way of reforms which higher considerations of national gain would dictate.

ITALY.

The Banca d'Italia as such represents a fusion in 1893 of three institutions, the National Bank of the Kingdom of Italy—itsself a re-organisation of the National Bank of the Sardinian States—the National Bank of Tuscany and the Tuscan Bank of Credit, a complete remodelling of the State Bank having been made necessary by a combination of gross mismanagement, violation of the banking law, and a general financial breakdown in Italy following upon a long period of building speculation.§

Side by side with the Bank of Italy exist two other banks of issue, the Bank of Naples and the Bank of Sicily, which were allowed to continue exercising their special privileges after the

* "Bankers' Magazine," May, 1904, p. 696.

† "Le Marché Financier en 1903-1904," p. 33.

‡ "Bulletin de Statistique," April, 1904, p. 543.

§ For general subject see Conant, pp. 26-37; and "Leading Nations," Vol. III, pp. 162-195.

incorporation of those States in the unified kingdom of Italy. These banks have been the subject of special laws on similar lines to those governing the Bank of Italy, but the latter is steadily increasing its predominance, and we must merely refer to the summary figures given below* for these smaller issuing banks. The history of the Italian banks, both before 1893 and subsequently, has been alike complicated and disfigured by the continual requirements of the Government, which have necessitated increased issues of notes and corresponding alterations in the banking law; but it is needless to attempt to follow these legal changes in detail, especially as they have not been strictly adhered to in practice.

The Bank of Italy is a joint stock undertaking, with a paid-up capital of Lire 210,000,000 (£8,400,000), and does business through 94 offices. Its administration is somewhat elaborate. At least eight regents (directors), and at most twelve censors are elected by the shareholders for the supervision of each principal branch ("district seat"). These district regents select from amongst themselves a certain number to form a "superior council," which meets monthly in Rome for the general control of operations. By this council are nominated the director-general, two vice-directors-general, whose names must be approved by the Government, and a secretary. Separate discount councils assist both at the branches and in Rome.† The three banks of issue are, during the period of forced currency which still continues, subject to the permanent supervision of a Board of Ministers (of Agriculture, Industry, and Commerce, and the Treasury), under which special inspections are conducted for the information of Parliament.‡

The limit of issue was fixed in 1893 at £32,000,000 (to be reduced by 1907 to £25,200,000), against which a reserve of 40 per cent. was to be held, 33 per cent. in metal (at least three-fourths gold) and 7 per cent. in foreign bills. Further notes might be issued if required for Government purposes, and an increased limit was actually called for as early as the following year.§ In 1897 a minimum metallic reserve was decreed, in the case of the Bank of Italy at £12,000,000.||

Though the Bank is still seriously burdened with a mass of mortgages and other locked-up securities from the crisis of 1892, and from the liquidation of the Roman Bank (formerly the Bank of the Pontifical States) thrust upon it by the Government in 1895, a considerable and an increasing commercial business is done. Current accounts are opened, with or without interest, interest being at one-third discount rate.¶ Discount rates, naturally some-

* See p. 487.

† "Leading Nations," Vol. III, pp. 175-6.

‡ Conant, p. 32.

§ "Leading Nations," Vol. III, pp. 170-1.

|| "Bankers' Magazine" of New York, May, 1898, p. 695.

¶ "Leading Nations," Vol. III, pp. 178-180.

what higher than in western Europe (averaging 5.22 per cent. for 1887-1903) are uniform amongst the banks of issue, and until quite recently have been fixed for periods of three months. Discount has been widened to include warrants for merchandise and various products,* and the banks of issue are specially authorised to take at one per cent. below official rates, within certain limits, bills presented by the "popular" and mortgage banks which are so important and flourishing a feature throughout the rural districts.† In addition to its own branch offices, the Bank of Italy appoints a number of special "correspondents" for the receipt of bills for discount.

The Bank has entire charge of the State Treasury service throughout the country, without remuneration, and deposits Government bonds with the Treasury as security for the custody of its funds, which it was stipulated should be maintained at not less than £1,200,000. For balances above £1,600,000 the Bank pays interest, and when balances are below £400,000, it receives interest, in either case at $1\frac{1}{2}$ per cent.‡ The limit of ordinary advances which the Treasury may require of the Bank is fixed at £4,000,000. Though the State does not participate in net profits, the various taxes payable by the Bank are particularly heavy, including taxes on notes, one per cent. on average circulation not covered by metal, two-thirds discount rate on notes above £32,000,000; and double discount rate above £35,600,000.§

Heavily handicapped as the Bank has been, alike by Government requirements and by commercial disorders, very satisfactory progress has been made of late years. By judicious public finance, well sustained, the national budgets have been brought to balance, gold has been accumulated, and the Italian lira has been made the full equivalent in exchange of the franc. In his review of the accounts for 1902-3, the Minister of Finance announced that, as the result of the permanently improved situation, negotiations had already been opened with the banks of issue for the taking over on just terms of the outstanding State notes (of small denominations) already reduced to below £8,000,000, which in former years had been a standing embarrassment to the banks and one of the greatest obstacles to a sound remodelling of their note circulation.||

As arrangements have also been arrived at by the Bank of Italy for the transfer to a specially formed company of the still unrealised assets remaining from the disasters previously men-

* For various recent measures of progress see "*Le Marché Financier en 1903-4*," pp. 881-3.

† "*Leading Nations*," Vol. III, pp. 178-180.

‡ *Ibid.*, Vol. III, p. 130.

§ Guyot's "*Dictionnaire du Commerce*," Vol. 1, p. 439.

|| "*Bankers' Magazine*," January, 1904, p. 75.

tioned,* the reforms inaugurated both by the State and the Bank may now possibly be given their full effect, and the Bank take more fully than hitherto has been practicable its proper position at the head of commercial as well as of national finance.

The European banks still remaining for consideration are, on the whole, so much more local in their importance and reputation, and in some instances the available information is so scanty, that very brief references must suffice in addition to the general statistics tabulated on page 487.

SWEDEN.

The Riksbank of Sweden† (Royal Bank), dating from as early as 1668, is in the fullest sense a State Bank, the capital having been provided by the State. Including additions from profits, the capital is now Kr.50,000,000, with a reserve fund of Kr.5,000,000 (together £3,000,000 approximately). Administered by a president appointed by the King, and six directors nominated by the Diet, it is said that the Bank is otherwise almost uninfluenced by the State. The Bank has now twenty-three branches.

Hitherto the Riksbank has shared the privilege of note-issue with an admirable system of private "Enskilda" banks, frequently compared in their working with the banks of Scotland. By law of 1901, however, the private banks have gradually relinquished their issues in favour of the Riksbank, which accordingly became the sole bank of issue from 1st January, 1904.‡ Its notes have always been legal tender (unlike the Enskilda notes), and payable on demand in gold. The existing conditions of issue are (1) any amount against gold in hand or abroad, and against simple credits with foreign banks, (2) excess up to £5,550,000, against good bills or Government bonds. It is stipulated that the gold reserve must not be reduced below £2,220,000.§

In return for their loss of note-issues the private banks were granted special facilities for re-discount and loans with the Riksbank, more than compensating for the diminishing profit from circulation|| and of the total discounts held by the Riksbank on December 31st, 1903, £4,960,000, no less than £3,590,000 represented such re-discounts.¶

Despite its being entirely a State institution, the Riksbank has been permitted to work on serious commercial lines, and has not been unduly involved in State requirements. It is the depository of the public funds, and makes moderate annual advances by vote

* "Le Marché Financier en 1903-4," pp. 856-7.

† "Leading Nations," Vol. IV, pp. 398-400; Conant, pp. 264-5; "Bankers' Magazine," January, 1901, p. 106.

‡ "Bankers' Magazine," May, 1904, p. 747. § *Ibid.*, May, 1901, p. 750.

|| "Le Marché Financier en 1903-4," p. 35.

¶ "Bankers' Magazine," May, 1904, p. 747.

of the Diet to facilitate Treasury operations. The profits were originally divided between the Bank and the State, but now that the capital has been enlarged, the whole profits (in 1903 £247,000) appear to be absorbed into the Budget.*

NORWAY.

Founded in 1816, the Norges Bank† was created principally for the benefit of agricultural interests, and its original capital was obtained by levies upon landed property. The State is a large shareholder, but does not directly interfere in the administration, which is in the hands of a Committee of fifteen representatives and a board of five directors, all nominated by the Storting. The accounts are supervised by a separate board of auditors, also appointed by the Storting.

The Norges Bank is the sole bank of issue, and its notes, payable in gold on demand, are legal tender. The authorised issue is limited to the extent of the "metal" reserve plus twice the amount of the capital, provided that the total issue does not exceed twice the reserve, which latter may consist of two-thirds gold and one-third deposits in foreign banks.‡ To meet growing commercial needs, a new banking law of 1900 gave the necessary authority for an increased capital, which now stands at Kr.15,500,000 (£860,000). The Bank has seventeen offices, and employs the greater part of its resources in discounts. Advances, which are moderate in extent, are mostly against real property.

DENMARK.

The National Danish Bank§ was formed in 1818 from the former Royal Bank, whose obligations it assumed. As in the case of Norway, the Bank's capital, now Kr.27,000,000 (£1,500,000) was provided in great measure by an enforced assessment on real estate, the estate owners becoming shareholders of the Bank. The State exercises a degree of control by appointing a member to the administrative board, the remaining three members of which are directly elected by the shareholders.

The National Bank alone has the power to issue notes, and these are legal tender and payable on demand in gold. Up to a limit of Kr.30,000,000 (£1,660,000) notes may be issued against securities in the ratio of 150 per cent., but for notes above that limit a metal reserve must be maintained, consisting of—

- (1) Legal current coin, which must equal one-fourth the note issue when that is not less than £2,660,000;

* "Bulletin de Statistique," April, 1904, p. 548.

† "Leading Nations," Vol. IV, p. 405; and Conant, pp. 265-6.

‡ Conant, p. 266. "Bankers' Magazine," August, 1900, p. 248.

§ "Leading Nations," Vol. IV, p. 382; Conant, pp. 266-7.

- (2) Gold bullion or foreign gold coin;
- (3) Silver bullion and foreign silver coin, not exceeding one-third the whole metal reserve;
- (4) Credit balances with the State Banks of Norway and Sweden.

At no time must this total metal reserve fall below in value three-eighths of the notes issued.

In common with the other Scandinavian State banks, the Danish makes advances to a certain extent against real property, but the discounts are the most important figure. An interesting regulation is that the Bank shall purchase all gold tendered to it subject to a charge of one-quarter per cent. for coinage.

PORTUGAL.

Turning from the healthy atmosphere of the Scandinavian banks, we find in the Bank of Portugal an example of fatal subservience to the State, more pitiful even, and far less hopeful, than that of its great neighbour the Bank of Spain.

Established in 1846 by the amalgamation of two older institutions, the Bank controls a capital of 13,500,000 milreis (nearly £3,000,000), and has now twenty branches working. The Bank's affairs are administered by a governor, appointed by the State for six years, a sub-governor, two directors elected by the shareholders, and a separate fiscal council of seven. The governor and the two directors form the council of administration.*

Since 1891 the Bank has enjoyed the sole privilege of note-issue, and from the same year its notes have formed an inconvertible forced currency. Elaborate regulations had been drawn up in 1887 for the restriction of note-issues and for the maintenance of a metal reserve, but these have been so constantly disregarded to permit of fresh issues of paper money as advances to the State, that the details may well be left unconsidered. Even the last official increase in 1897, to 72,000,000 milreis (£15,000,000), has not proved sufficient, but for the actual position of circulation and reserve reference must be made to the subsequent table. The metal reserve, it should be added, is not required to be more than one-fifth of the circulation.

Commercial banking business is altogether secondary in importance to the conduct of State finance, for which the Bank appears to exist. By decree of 1897 an uncovered credit was authorised for the Treasury up to about £5,000,000, and incessant demands of the Government have been met in one way or another to such an extent that from 1893-1898, we are told, the advances to the State represented 50 per cent. of the Bank's funds, and more than

* Guyot's "Dictionnaire du Commerce," Vol. I, pp. 441-2.

70 per cent. of the circulation. In 1901 the authorised credit for the Treasury was raised to over £6,000,000, and this, it is to be noted, is free of interest. The State, moreover, follows the policy of sharing in the net profits of the Bank, taking half proceeds after certain transfers to reserves and the distribution of a 7 per cent. dividend to shareholders. The result of this continued intimacy is that the credit of the Bank is completely bound up with that of the State, and the large debt, uniformly bad budgets, and unfavourable exchanges give little prospect at present of the reforms which are so urgently required.

BULGARIA.

The National Bank of Bulgaria,* established in 1885 with a capital of Lei 10,000,000 (£400,000), provided from the public funds, is our last example of a State bank in the complete sense of the term. The control is in the hands of a governor and four administrators, appointed by the ruling Prince upon the nomination of the Minister of Finance. In addition, two delegates, one a Councillor of the Court of Accounts, the second a member of the Ministry of Finance, are entrusted by the Government with the official supervision of the Bank's operations.

The Bank has the exclusive privilege of note-issue, and the notes are receivable at all public offices, though, apparently, not absolute legal tender. A gold reserve must be held equal to one-third of the actual note circulation, which is not allowed to exceed in amount double the capital and the reserve combined. It was stipulated that notes should be paid on demand in gold, but owing to general financial difficulties and the draining away of the metal, gold payments were suspended in 1899, silver being offered for the full value, including current gold premium. Silver, however, being useless for foreign requirements and inconvenient for home use, the notes became practically a forced currency. At the same time an issue was authorised of £180,000 silver notes.†

Bearing in mind the size of the country, the Bank does an extensive business, alike in current accounts—which figure well in comparison with other Continental institutions—in discounts and in advances: of the last-mentioned item, the bulk consists of mortgage loans for long periods. The Bank undertakes all payments and receipts for the Treasury through its six offices, of course gratuitously, discounts Treasury bonds, and makes advances thereagainst, but such operations must be kept within the limit of one-fifth of the Bank's capital. All net profits, naturally, accrue to the Government.

* Conant, p. 284, and Guyot, Vol. I, pp. 430-1.

† "Bankers' Magazine," November, 1900, p. 617; and January, 1900, p. 96.

SERVIA.

The National Bank of Servia* was founded by law of 1883 with a capital of Dinars 20,000,000 (£800,000). The Council of Administration consists of a governor and twelve members, elected by the shareholders for fixed periods; and these, with a Censors' Committee of twelve, also chosen by the shareholders, form the Superior Council of the Bank. Government exercises supervision by means of a Special Commissioner.

The Bank has the monopoly of issue, and issues both gold-notes and silver-notes, the combined amount being limited to two and one-half times the metal reserve. Against gold-notes the reserve must include at least three-fourths gold, but owing to a condition that part payment might under certain circumstances be made in silver, gold-notes lost favour, and the circulation consists principally of silver-notes of small denomination. In return for a forced loan of £400,000 to the Government in 1898 (in silver notes) the Bank was authorised to issue such notes up to an aggregate of £1,200,000, to be reduced as the loan was repaid to an ultimate maximum of £1,000,000.† The ordinary business of the Bank appears to be on a small scale. Profits, after payment of a 6 per cent. dividend and certain bonuses, is divided, one-fifth to the State and four-fifths to the shareholders.

ROUMANIA.

The National Bank of Roumania‡ was established in 1880, with a paid-up capital of Lei12,000,000 (£480,000). Originally one-third was contributed by the State, but this portion was acquired by the ordinary shareholders at a high premium in 1901.§

The General Council of the Bank is composed of a governor, six directors, and seven censors, of which the governor and a minority of the other classes are appointed by the Government, for fixed periods. In addition, the Government appoints a Commissioner for special supervision. There are now twenty-two offices of the Bank.

Formerly the State issued paper money to a considerable extent, but this currency has been completely redeemed through the Bank, which now enjoys the sole privilege of issue. With the adoption of the gold standard (in 1890) the Bank's notes since 1892 have

* Guyot, Vol. I, p. 446.

† "Bankers' Magazine" of New York, June, 1898, p. 819; and October, 1898, p. 616.

‡ "Leading Nations," Vol. III, pp. 333-344, and Guyot, Vol. I, p. 442.

§ "Bankers' Magazine," February, 1901, p. 284.

been paid entirely in gold, which must be held in reserve to the extent of 40 per cent. of the note-issue (three-tenths of this reserve, however, may be in foreign bills payable in gold).

The availability of the gold reserve has necessitated, as a rule, high discount rates to protect it, but an active commercial business is done, and the Bank enjoys an exceptionally high standing, particularly in comparison with the institutions of neighbouring countries. The Bank undertakes free of charge the Treasury banking services, and discounts Treasury bonds within certain limits. No loans have been exacted from the Bank on the part of the Government. Profits are divided somewhat on the lines of the National Bank of Servia, the State taking one-fifth of the net profits after a 6 per cent. dividend has been paid and a fixed proportion passed to reserve. Further profit accrues to the Government in the shape of the Bank's net earnings from discount and loan rates above 7 per cent.

TURKEY.

The Imperial Ottoman Bank* was founded by special authority of the Turkish Government in 1863, with a capital, since increased to £10,000,000 (£5,000,000 paid), subscribed by English and French capitalists. With head office at Constantinople, the Bank has in all thirty-four offices, including Paris, London, and a number of towns in Egypt and Asiatic Turkey.

At Constantinople the administration is effected by a council of seven members (one director-general, three other directors, and three administrators), chosen by a committee of twenty-six members—English, French, and Austrians. The three administrators must be approved by the Turkish Government, which also exercises supervision by appointing an Imperial Commissioner and another officer specially charged with the oversight of the financial operations between the Treasury and the Bank.†

The Bank was granted the exclusive privilege of issue in Turkey, and the Government undertook neither to issue its own notes nor to permit another bank to issue. The notes are legal tender in the districts where issued, and must be paid in coin on demand. No limit is fixed to the circulation, but a metal reserve of one-third is required.

A general banking business is done on an increasing scale, especially in the branches in Asia and Egypt, but the Bank's most characteristic business is done in its capacity of financial agent to the Turkish Government, both in current account and in the service of Government bonds. Owing to the industrial condi-

* Conant, pp. 281-3, and critical reports in "Bankers' Magazine."

† Guyot, Vol. I, p. 447.

tions of Turkey, extensive accommodation is needed by the Government every year until taxes can be drawn in after the harvests, and these temporary credits are granted by the Bank against the security of the Imperial revenues. This business, whilst requiring skilful and patient diplomacy, is very profitable to the Bank. The State does not share in any way in the Bank's profit.

GREECE.

The National Bank of Greece,* founded in 1842, with a present capital of Dr.20,000,000 (£800,000), shares the privilege of note-issue with two other institutions, the Ionian Bank Limited, and the Epiro-Thessalian Bank. Owing to the ever-growing financial difficulties of the Greek Government, the monetary system of the country has become thoroughly demoralised, and since 1885 the notes of all three banks have been inconvertible, forced legal tender. Authorised to issue notes against a reserve including one-third coin and bullion, the total issue of the National Bank now exceeds £5,000,000, with a metal reserve of as low as one per cent.

The Bank is administered by a governor, two sub-governors, and twelve councillors, elected by the shareholders, and its operations are supervised by a Royal Commissioner. The Bank has now thirty-four branches.

Noteworthy features in the Bank's operations are the very considerable amount advanced upon mortgages, in which channel the statutes require at least three-fourths of the capital to be employed, and the savings deposits, which are received from Dr.3 (half-a-crown) upwards at a maximum interest of two-thirds discount rate, and greatly swell the total deposits.

The banking business of the Government,—both the service of the public loans and the receipts and payments for the Treasury,—is undertaken gratuitously; and considerable loans have been made to the State by way of additional issues of notes. Apart from the usual heavy taxes, the Government does not share in profits.

Although the Bank has been seriously endangered by the utter disorder of Greek finance, it is reported locally that "in spite of many vicissitudes of fortune, the Bank throughout its existence has maintained its position and credit, thanks to the capacity and prudence of its directors. It has rendered conspicuous services to commerce and agriculture, and is trusted both in the cities and villages of Greece."†

* Conant, pp. 277-281. and Guyot, Vol. I, p. 437.

† Quoted in "Bankers' Magazine," May, 1902, p. 737.

SWITZERLAND.

The only country in Europe not possessed of a State bank is Switzerland, where hitherto a monopoly of issue has been prohibited under the constitution of the Confederation. The paper currency is at present supplied by as many as thirty-six issuing banks, with a combined paid-up capital of £8,171,000, authorised issue £9,740,000, and actual issue (December 26th, 1903) £9,668,000, against which was held a metal reserve of £4,744,000, including 90 per cent. gold (averages for 1903).*

For many years, however, sentiment has been growing in favour of a single State bank of issue, and various schemes have been set afoot for the creation of such a bank. A carefully planned project for a National Bank, with a paid-up capital of £1,000,000, was submitted by the Federal Council as recently as 1903, and was dropped by the Chambers only by reason of the difficulty of deciding between the rival claims of Zurich and Berne to be the headquarters.†

* "Bulletin de Statistique," April, 1904, pp. 550-1.

† For full project of law see "Le Marché Financier en 1903-4," pp. 1099-1100.

STATISTICS IN MILLIONS OF POUNDS.

Abstracted from *Bulletin de Statistique*, April 1904, pp. 506-7.

State Bank of	Cash.	Including Gold.	Notes in circulation.	Ratio of Cash to Notes.	Current Accounts.	Discounts.	Including Foreign Bills.	Advances on Securities.	Mortgage Advances.	Treasury Account.	Discount Rate.
		Million Pounds.			Million Pounds.				Million Pounds.		
ITALY	23.0	18.7	34.0	67 %	7.0	12.0	2.8	1.2	...	7.1	5 %
End of March											
NAPLES	4.4	3.9	10.7	42 %	2.9	4.1	1.1	.9	...	...	5 %
End of March											
SICILY	1.7	1.6	2.3	74 %	1.5	1.6	.3	.1	...	...	5 %
End of March											
SWEDEN	3.5	3.2	8.2	43 %	2.8	4.9	.2	.4	.3	...	4½ %
February 29th											
NORWAY	1.4	1.4	3.1	45 %	.4	2.0	.08	.04	.2	...	5 %
February 29th											
DENMARK	4.2	4.2	5.8	74 %	.1	1.8	.04	.4	.3	...	4½ %
End of March										debit	
PORTUGAL	2.5	1.0	15.0	17 %	.3	4.1	...	1.0	...	5.9	5½ %
March 23rd											
BULGARIA ... ..	.6	...	1.5	44 %	2.8	0.8	...	.7	1.2	.09	8 %
March 18th											
SERBIA ... ..	.9	.6	1.5	66 %	.2	.2	...	.4	...	...	6 %
February 29th											
ROUMANIA	2.9	2.8	7.1	40 %	(?)	3.8	1.1	.3	...	...	5 %
End of March										debit	
TURKEY	1.6	...	1.1	188 %	9.0	1.8	...	5.3	...	1.9	...
End of December											
GREECE ... ..	.06	...	5.3	1 %	3.3	1.2	...	.5	2.2	.2	...
February 29th											

UNITED STATES OF AMERICA.

The republican sentiment against a bank monopoly, which we have just noted is fading in Switzerland, continues to prevail in the great sister republic of the New World, encouraged, doubtless, by disastrous experiments of a contrary kind in the past. In place, therefore, of the single bank of issue characteristic of European States, there exists in America a great system of note-issuing banks, thousands in number.

The national banking system of the United States had its origin in the financial needs of the Government during the great civil war between North and South, the underlying objects of the Act of 1863, which founded the system, having been, foremost, the provision and maintenance of a market for the national debt bonds requisite for war finance, and, quite secondarily, the preparation of a secure and uniform national currency in readiness for the conclusion of the war.

Passing over the historical details of various amending Acts in 1864, 1872, 1882, and 1900,* we can but briefly consider the principal features of the system as it now exists, a system comprising—according to the annual report of the Comptroller of the Currency to October 31st, 1903—no fewer than 4,939 banks in actual operation, with paid-up capital of £148,700,000, surplus and undivided profit £108,400,000, deposits £669,600,000, and note circulation £71,850,000, showing total National Bank resources just under £1,000,000,000, as compared with £1,663,000,000 estimated resources of all other banks in the United States.†

The most noticeable feature at the outset is that the national banking law does not permit of branch banking, each bank standing isolated with its own capital. Each bank must include in its title the word "National." Subject to certain conditions as to capital, there is practically no restriction on the formation of new national banks. In towns of not more than 3,000 population, a minimum capital of \$25,000 (£5,000) is allowed; and at the other end of the scale two banks flourish, each with a capital of \$25,000,000 (£5,000,000), viz., the National City Bank and the National Bank of Commerce, both of New York. Capital must be 50 per cent. paid before a charter is issued, the remaining half being payable within the following six months, and shareholders have a reserved liability equal to the amount of their contribution.

The all-important feature of the system, of course, is the regu-

* See Conant. pp. 348-385 (to 1882 law); and, more fully, "History of Banking in the United States," by J. J. Knox. New York, 1900, pp. 91-304. Conditions of 1900 Act also well given in "Bankers' Magazine" (London). November, 1900, p. 573.

† Report of the Comptroller of the Currency (*in extenso*), "Bankers' Magazine" of New York, January, 1904, pp. 89-109.

lation of the note-issue, upon which rested the fulfilment of both objects of the original Act—safety and uniformity of the paper currency, and a market for the war loans. These objects were gained by requiring the bank desirous of issuing notes to deposit Government bonds with the Treasury, which thereupon authorises the issue of notes to the extent of the face value of the bonds deposited, it being provided, however, that no bank's circulation shall exceed the amount of its fully-paid capital. Notes are only issued by national banks, the State banks (*i.e.*, banks working under the particular laws of the State where located) having relinquished their former considerable issues under oppressive taxation designed with that object. Notes are not legal tender, although receivable at all public offices except for the payment of Customs duties (payable only in gold). They may not be held by the banks as part of their statutory reserve, and they must be paid on demand in "lawful money." National banks pay a tax of one-half per cent. per annum on note-issues secured by the deposit of 2 per cent. bonds, and 1 per cent. in the case of notes covered by 3 per cent. and 4 per cent. bonds.

Certain restrictions were laid down by the Acts with a view to safeguarding the banks' ordinary business operations. Loans, for instance, must not be made either against the banks' own shares or against real estate, nor may they be granted in excess of one-tenth the bank's capital to any one individual, firm, or corporation. Banks, moreover, are precluded from investing in real estate other than their actual bank premises. Of their total deposits, national banks, in what are termed "reserve cities" (numbering thirty-seven in 1903) must maintain a reserve of 25 per cent. in specie, gold certificates, or legal tenders (United States Government notes—"greenbacks"). In the central reserve cities, *viz.*, New York, Chicago, and St. Louis, this 25 per cent. must be stored in the bank's own vaults, but in the case of the thirty-four ordinary reserve cities half may be deposited in national banks in the central reserve cities. All banks outside the reserve cities must maintain a 15 per cent. cash reserve, but of this three-fifths may be lodged with approved reserve-city banks.*

In addition to these statutory conditions, national banks are subject to a thorough system of Government inspection, detailed returns and the fullest information being required. Examinations generally take place twice a year, and the Comptroller has full discretionary power to examine, to advise, and in serious cases to peremptorily close the offending banks. This system of inspection appears to have answered well, to have brought Ameri-

* Knox, p. 285. Also periodical returns in "Bankers' Magazine" of New York as to Reserve Cities.

can banks as a whole to a better standard, and to have saved many institutions which otherwise would have come to grief.

That a banking system so safeguarded by legislation and constant supervision has at least the merits of uniformity and security is very evident; but it is necessary now to refer to what all critics, from the Comptroller of the Currency* downwards, have admitted to be the one glaring defect in the national banking system, namely, the inelasticity of the note circulation and the consequent inability of the currency of the country to meet the occasionally severe demands made upon it.

It was originally the intention that national bank-notes should become the principal element in the currency of the United States. Owing, however, to the issue of gold and silver certificates, the continuance of the Government notes in circulation, and the difficulties inherent in the bank-note system, less than 13 per cent. of the entire currency of the country consists of bank-notes.† The metal currency and the paper representing metal cannot expand, of course, except from outside supplies, and the only section of the currency which could be expected to show expansion has been artificially restricted. The national bank-notes in 1903 reached their highest ratio since 1886, yet the proportion was only 55.43 per cent. of the circulation possible under the law.‡ The explanation lies in the fact that the note circulation, based upon an equal deposit of bonds, varies not according to the real currency demands of the nation, but according to the market price of the bonds. The national banking system was created, as we have seen, to float the bonds of the American national debt; to-day, ironically enough, the national debt, which might doubtless have been entirely redeemed from surplus revenues, is continued, in great measure, merely as a basis for that very banking system. On November 1st, 1904,‡ 60 per cent. of the whole national debt was lodged by the banks with the Treasury as security either against notes or Government deposits, and the special banking demand for Government bonds for these purposes has raised them to such an extravagant value that note circulation based thereon yields but a trifling profit, so trifling that there is a constant temptation to sell bonds whenever the price advances sufficiently—the withdrawal of the bonds entailing, of course, withdrawal of circulation. Circulation is further kept within narrow bounds by a fatal condition that not more than \$3,000,000 (£600,000) may be withdrawn from note circulation in any one month, this limit covering the whole banking system. The knowledge that circula-

* See Report of a critical Address by the Comptroller, Hon. W. B. Rudgeley, "Bankers' Magazine" of New York, January, 1903, pp. 68-74.

† Comptroller's Report, "Bankers' Magazine" of New York, January, 1904.

‡ From official statistics in "Monthly Circular of the National City Bank of New York": \$541,000,000 out of total outstanding bonds \$895,000,000.

tion cannot be withdrawn rapidly when no longer required, is, perhaps, the greatest hindrance to its expansion in response to temporary calls.

In this situation lies admittedly the great defect of the national banking system. Amendments have been repeatedly urged, officially and non-officially, either for the rejection of the bond basis and the substitution of a note-issue secured only by general bank-assets (with safeguards), or for the allowance of a further issue, 50 per cent. or even only 25 per cent., against bonds deposited under the present law, but the partisanship of American politics has so far prevented actual legislation.*

The ordinary banking relationships between the Government and the national banks are also hampered by antiquated legislation, now well recognised to be injurious. The old system of independent Treasury and sub-Treasuries is continued, by which a large proportion of public balances, instead of being deposited with the banks, is stored idly in the Treasury vaults. Under the present law, the funds received from import duties (about one-half the total revenue) may not be deposited in the banks, and internal revenue may only be deposited with approved national banks (free of interest), provided the receiving bank deposit with the Treasury an equivalent value in Government bonds. With the increasing scarcity of such bonds, it is not so easy for the banks to secure these deposits, and a very large proportion of the public revenue (which most frequently exceeds current expenditure) is drawn from the community and lies idle with the Treasury, this being particularly the case, naturally, in the great commercial centres where the locking-up of money is most severely felt. On January 1st, 1904, the Treasury had on deposit in various national banks a total sum of \$166,000,000 (£33,200,000), but at the same time it held itself an "available cash balance" of \$227,000,000 (£45,000,000). This feature of Treasury finance has been felt, especially in recent years, as a needless additional strain in the American money market; and most noticeably during the pressure of September, 1902, when the Secretary of the Treasury, amongst various other palliatives, permitted the deposit of other than Government bonds to secure additional Treasury deposits with the banks.† It is recognised that the periodical monetary difficulties in the United States are so largely due to mischievous legislation—an inelastic note circulation and general defects of the Treasury and currency system—that the Treasury cannot avoid assisting the banks in every way possible pending more

* See proposals of Comptroller himself, "Bankers' Magazine," London, 1903, Vol. LXXVI, p. 219.

† See "Bankers' Magazine," London, October, 1902, p. 567, article by W. R. Lawson on "New York Banks and the Treasury."

enlightened permanent measures.* It need scarcely be added that with constant surpluses of national revenue, the banks are never called upon to provide the Government with accommodation, as are the European banks.

There seems at present no prospect of a change in favour of branch banks, but there appears to be a growing tendency for the principal proprietors of the larger institutions to purchase controlling power in the smaller banks, and so to form quasi-banking associations. Whilst also there have been great numbers of small banks formed as a result of the law of 1900, on the other hand there has been a tendency to amalgamation and concentration in the larger banks. It has been pointed out that in New York the five largest banks—all national banks—have in the period 1894-1904 increased their combined deposits from £26,000,000 to £114,000,000, a growth of 341 per cent., whereas the deposits of the remaining New York clearing bankers have increased in the same period only from £92,000,000 to £124,000,000, a gain of 35 per cent.† Yet another interesting fact is the more rapid growth of the State and other banks in comparison with the growth of the national banks. According to official figures, in 1882 the national banks accounted for 67.01 per cent. of the capital and 39.7 per cent. of the deposits of the whole banking system of the country, but in 1903 these ratios had fallen to 50.43 per cent. and 32.81 per cent.‡

In conclusion, it must be granted that despite most palpable faults, the national banking law has provided the United States with a system of banks uniform in organisation, well supervised by Government authority, and, on the whole, well suited to the business requirements of the country. The greatest defects of the system arise from the direct intermeddling of the Government in the business of banking and currency.

* See Article on the Treasury and the Banks, "Bankers' Magazine" of New York, April, 1903, p. 458: also "Bankers' Magazine" of New York, January, 1903, p. 67.

† "Bankers' Magazine," London, December, 1904, p. 718.

‡ *Ibid.*, London, July, 1904, pp. 1-18.

NOTES ON RECENT ADDITIONS TO THE LIBRARY.

*Essays and Addresses on Economic Questions.**

By the RT. HON. VISCOUNT GOSCHEN.

THE collection of reprints which form the contents of this volume originated at various times between 1865 and 1893, and their author has been especially happy in his selection for republication. It is usually true of reprinted articles on economic subjects which saw the light so long ago, that they may possess an academic interest, but that as a contribution towards the solution of current problems, their value has evaporated. In marked contrast to such as these, Lord Goschen's book reads with a freshness and vigour which continually lead one to forget that its contents are in part forty years old. Modern banking and business problems, such as bankers' cash reserves, our central stock of gold, banking competition, international trade and our fiscal policy, and Government interference in trade, occupy a very large proportion of the book, and are full of suggestion to those interested in the present state of such questions.

In his preface, Lord Goschen explains that the essays and addresses "were not composed from the point of view of a trained and scientific economist. To the latter title I have never been able to lay a claim. Throughout my treatment of this class of subject I have regarded them from the standpoint of a practical man of business." Few of us will regret that this is so. Owing more to want of time than to lack of ability or inclination, the men who, possessing the necessary qualifications, can write on economic subjects from a business point of view are few in number. Among this select few Lord Goschen occupies a very high position, and it is no doubt owing in a large degree to his close sympathy with the wants of the business community, that as Chancellor of the Exchequer he commanded the respect of the City to such a high degree.

With regard to the nine essays and addresses which form the contents of the volume, bankers will be inclined to attach most importance to the speech delivered in January, 1891, to the Leeds Chamber of Commerce on "Our Cash Reserves and the Central Stock of Gold." The occasion of this celebrated speech, as most of our members will recall, was the scare caused by the forced liquidation of Baring Bros. at the end of the preceding year. Lord Goschen commented in very strong terms upon the insuffi-

* London, 1905. Edward Arnold. 15s. net.

ciency of the cash reserves held by most of our leading banks, and to such good purpose did he speak that from the time of the delivery of this address we can trace a very distinct all-round improvement in this respect. Whether this improvement has yet been carried far enough is a question upon which bankers do not all agree; the general opinion, which has frequently been brought to the notice of the members of this Institute, is that, apart from the central stock of gold of the Bank of England, the holdings of the other banks should be further increased. But whatever may be the individual opinion upon this point, we must all agree upon the good effect produced by this speech in 1891.

The Introductory Note to the article published in the "Edinburgh Review" in 1868, under the title of "Two per Cent.," is full of present-day interest. After drawing attention to the way in which our leading banks in 1866 were able to weather the terrific storm resulting from the failure of Overends, Lord Goschen asks what chance our banks would have at the present day of making as successful a fight, should they by any chance be compelled to face such a terrible crisis. While admitting the strength of the position to-day, he suggests, in cautious terms, that this position is in danger of being weakened by excessive competition. "Our duty in these modern stirring days," he says (p. 52), "must always be steadily kept in view—the imperative duty to resist the temptation created by excessive and ubiquitous competition. . . . It is currently said that the competition among banks has never been so sharp as now. Shareholders, too, may be exacting as to dividends, and watch for purposes of invidious comparison those of rival banks. Under the stress of such pressure from without, and ambition from within, it is imaginable that less steady business might be entertained than the old-fashioned banks would have regarded with favour."

Another interesting and able article is the address given to the Edinburgh Philosophical Society in 1883 on "Laissez-faire and Government Interference," in which the author strongly deprecates any unnecessary intervention of the State in the conduct of business affairs, and suggests that a curb should be put upon the tendency towards the State control of those industries which have in the past been successfully carried out by individual effort. "Let us hope that in the State Socialism of the future, to which some thinkers suggest we are drifting at no slow pace, room will still be left for that self-reliance and independence and natural liberty which, if history has taught us anything, are the main conditions on which depend the strength of the State, the prosperity of the community, and the greatness of nations." (p. 325).

It may be mentioned that to each essay or speech is added an introductory note, and in some cases also a supplementary note, in which the author discusses the bearing of the opinions ex-

pressed at the time each was written, upon modern conditions as at present existing. They are quite sufficient to show that although Lord Goschen has retired from active participation in business and political life, he still retains to a remarkable degree his grip upon most of the economic problems which are the burning questions of the hour.

Officialism. Report of the Special Committee appointed by the Council of the Law Society.

This report is the outcome of the following resolution passed in October, 1904, at an Annual Meeting of the Law Society :—

“That the Council be requested to institute renewed inquiries into the development in recent years of the extension of official departments in the compulsory administration of private affairs at the cost of the party concerned.”

The tone of the report is forcible throughout, and decidedly antagonistic to any extension of Government administration by means of officials, in cases in which the work can be safely left in the hands of individuals. The reasons given for this antagonism are very clearly put on pages 38 and 39 of the report :—

“It cannot be denied that there has for some years past been a growing tendency to extend an official or governmental system of administration in many departments of industry at the expense of individuals. It is a mere common-places of politicians to admit the evils of a too widely extended Officialism, but the bounds within which it should be confined are never admitted or agreed. In spite of repeated proofs that Officialism is always costly—that it in almost every case tends to become negligent and effete, that it is practically impossible to restrict or abolish an official system if it proves to be a failure, that the best work is always the result of individual effort and competition, and that a system by which a host of salaried officials are established throughout the country to do work which has hitherto formed the means of support of private persons is unjust and in the end ruinous to all private enterprise—in spite of all this there is far too much reason to complain of the continued extension of the system.”

The recommendations of the Committee are summarized on pp. 44 and 45 :—

“1. That the Council should urge that the jurisdiction of the Judges of the Chancery Division in the winding-up of Public Companies should be restored, and that the winding-up cases should be distributed between the different Judges and dealt with by the Master in the Chambers of each Judge having Chambers.

2. That neither in the winding-up of Companies nor in bankruptcy should the officials of the Board of Trade be required to

interfere in the administration of assets, but that the creditors should in every case be called together immediately a Winding-up or Receiving Order is made, in order that they may appoint a Liquidator or Trustee, an interim Receiver being appointed by the Court in urgent cases. And that the other amendments previously recommended by the Council (see Annual Report, 1893, Appendix VI., page 230) for maintaining the disciplinary functions of the Board of Trade, assessing all assets for their expenses and for giving creditors fuller powers and information and freeing them from the existing regulations as to proxies and proofs, should be brought forward at the first opportunity.

3. That as regards the Land Registry, the Council should press for a suspension of the coercion which the landowners in the County of London and in the City of London have for some years experienced, and a revocation of the Order in Council under which the compulsory section of the Act of 1897 title is applied, leaving the system now so widely in operation to proceed as a voluntary system.

4. That a vigorous opposition of the Council to the Public Trustee Bill be continued.

5. That the attention of Parliament be called at a suitable opportunity to the large extent of private patronage still applying to offices in the service of the State, which have not been brought within the scope of the Order of the Privy Council under which the Civil Service Examinations were established.

6. That a return be asked for of the number of persons adjudged bankrupt in the last ten years, and of the number discharged."

With regard to the fourth of these recommendations, it is satisfactory to note the vigorous campaign which the Law Society is carrying on against the Public Trustee Bill which came before the House of Commons last session. The Central Association of Bankers have already expressed a strong opinion that the Bill is not required in the public interest, and in view of the very general opposition aroused by the measure as it now stands, it seems hardly possible that the Government will persevere with it. The difficulty occasionally experienced through want of continuity, and the lack of suitable persons to act as trustees, has been met by the action of several thoroughly reputable companies and incorporated bodies in undertaking the duties of trustees and administrators, a movement in which we may expect still further development.

LEGAL DECISIONS AFFECTING BANKERS.

COURT OF APPEAL.

(Before Lord Justice Vaughan Williams, Lord Justice Stirling,
and Lord Justice Cozens-Hardy.)

In re W. TASKER AND SONS (LIMITED)—HOARE *v.* THE SAME
COMPANY.

The Times, August 7th, 1905.

THIS was an appeal against the decision of Mr. Justice Kekewich, reported in *The Times* of December 21st, 1904, in 21 *The Times* L.R., 158, and 1905, 1 Ch., 283, upon the further consideration of a debenture-holder's action. The case is an important one to persons contemplating taking debentures in a company purporting to be a first charge upon the company's property.

In 1899 the defendant company, having power to issue first mortgage debentures up to £35,000, part only of which had been issued, and being in want of money, borrowed money from two gentlemen named Ashby and Herbert, and issued to the lenders debentures to twice the amount of their respective loans. The company paid off parts of these loans from time to time, and upon each occasion received back from the lender debentures of twice the value of the money so paid, and also, by request of the company, a transfer of those debentures executed by the lender in blank except as to his own name. From time to time the company received applications for new debentures. Whenever such an application was received, the company, on payment of the amount secured by the debentures, handed the debentures to the applicant, together with the transfers in respect thereof, with the blanks filled in by the company. In other cases the company deposited the debentures as security with persons who had made advances, but without the transfers. All the holders of these debentures were set out in the second schedule, parts 1, 2, 3, and 4 of the Master's certificate, and their claim to be debenture-holders was adjourned into Court. The question was, whether the transaction above referred to was in effect a transfer of the debentures, or whether it was a new issue of debentures which had been discharged. The debentures as originally issued were secured by a trust deed, and it was provided by the conditions that all the debentures of the series should rank *pari passu* as a first charge on the property and undertaking of the company, and that the company should not be at liberty to create any mortgage or charge upon its undertaking in priority to or *pari passu* with those debentures. It was contended on behalf of the plaintiff in the

debenture-holders' action and of other debenture-holders specified in the first schedule to the certificate, as to whose rights there was no question, that the persons mentioned in the second schedule were not entitled to the benefits of the trust deed. Mr. Justice Kekewich said that the question was of some importance to those interested in the issue of debentures, and he thought it was a completely new question. The debentures specified in the second schedule might be perfectly good as against the company, but the question was whether they were entitled to rank *pari passu* with the debentures specified in the first schedule. His Lordship came to the conclusion that when the repayment was made the debt was gone, and that when the company borrowed further money, whether by depositing the debentures as collateral securities or by issuing them in the ordinary way, they really issued new debentures. Consequently the only persons entitled to rank as holders of the issue of debentures for £35,000 were those mentioned in the first schedule. Some of the persons mentioned in the second schedule were not entitled to rank as holders of the issue of debentures for £35,000.

Mr. Younger, K^a, and Mr. Peterson were for the appellants; Mr. Ogden Lawrence, K.C., and Mr. Ashton Cross were for the plaintiff; Mr. Sheldon was for other debenture-holders in the first schedule.

At the conclusion of the arguments of June 24th, their Lordships reserved judgment, which they delivered this morning, dismissing the appeal.

LORD JUSTICE VAUGHAN WILLIAMS was of opinion that the judgment of Mr. Justice Kekewich ought to be affirmed. The same point appeared to have been already decided by Mr. Justice Buckley in "*In re George Routledge and Sons (Limited)*" (1904, 2 Ch., 474). He (the Lord Justice) had read the judgments of Lord Justice Stirling and Lord Justice Cozens-Hardy in the present case, and it was sufficient for him to say that the conclusion at which he had arrived was fortified by the reasoning contained in those judgments.

LORD JUSTICE STIRLING then read the following judgment:—The question on this appeal is whether the holders of certain debentures forming part of an issue by the company of first mortgage debentures to the nominal amount of £35,000 are entitled to the benefit of such debentures as against the holders of the other debentures. The powers of the company, as defined by the articles, are as stated in the report in 1905, 1 Ch., 283. The debentures were for sums of £20, £50, or £100 each. Each of them contained covenants on the part of the company that the company would, on April 1st, 1946, or on such earlier date as the principal moneys thereby secured became payable in accordance with the conditions endorsed thereon, pay to the person named in the debenture, or other registered holders thereof, the sum named

therein, and would, in the meantime, pay interest on such sum at the rate of 5 per cent. per annum by equal half-yearly payments on April 1st and October 1st in each year. Each debenture also contained a charge of such principal and interest on the undertaking of the company and all its property, whatsoever and wheresoever, both present and future, including uncalled capital. The material conditions endorsed on each debenture are fully stated in the report. It is sufficient to point out that by condition 3 the company was empowered (but was not under any obligation) at any time after July 1st, 1906, to redeem the debenture upon payment of the principal and interest secured, upon giving the registered holder six calendar months notice of its intention so to do. A large number of these debentures were issued to holders who paid to the company the full nominal amounts purported to be thereby received, and as to these no question arises. The dispute relates to debentures given to two gentlemen named Ashby and Herbert by way of security for temporary and of sums of £1,000 and £700. On the occasions of these advances the debentures to the nominal amounts of double the respective advances—that is, £2,000 and £1,400 respectively—were given to the lenders; and it was stipulated that the company should be at liberty to pay off the advances in sums of not less than £100, and that on each such payment the lender should give up to the company securities to the nominal amount of twice the sum paid off. The debentures so given were registered in the names of Messrs. Ashby and Herbert respectively. The company availed themselves of the right of repayment thus reserved, and on each occasion of repaying part of a loan took from Messrs. Ashby and Herbert blank transfers of debentures of twice the nominal amount of the money repaid. After a shorter or longer interval of time these transfers were filled up with the names of persons who paid to the company the full nominal value of the debentures, and the names of these transferees were placed on the register of debentures in the place of Ashby or Herbert, as the case might be. The question to be decided is whether these transferees are entitled to rank *pari passu* with those debenture-holders to whom debentures were at once issued for the full nominal value. It was not disputed that if no repayment had been made to Ashby and Herbert, and the debentures had remained in their hands, they would have been entitled to prove in the action and to receive dividends on the full amount of the debentures in their hands *pari passu* with the other debenture-holders until they received in full the principal and interest due to them. This right was established by the Court of Appeal in "*In re Regent's Canal Ironworks Company*" (3 Ch. D., 43). It was there decided that a company may issue or deposit debentures by way of collateral security for money lent, and that the holders of other debentures of the same issue have no equity

to prevent such a bargain from being carried into effect. That case, however, does not govern the present, because there the holders of the debentures were in substance (though not formally) the original holders for value, standing in the position of Ashby and Herbert in the present case, and not in the position of the transferees from them. It is settled law that a mortgagor who pays off an encumbrance created by himself on real estate cannot set it up against a subsequent encumbrancer—"Otter v. Lord Vaux" (2 K. and J., 650; 6 D.M. and G., 623). Dealing with the case just cited, Lord Cranworth, L.C., states the rule thus (6 D. M. and G., at p. 643):—"The case is to all intents and purposes that of a mortgagor liable to pay a sum of money to his first encumbrancer and getting a transfer; but that transfer is something which, on general principle, he cannot set up as against a creditor claiming by a title subsequent to that of the person whose charge he has so paid off; he pays it off for the benefit of the inheritance; and all persons who are entitled to any portion of the inheritance under him are also entitled to the benefit of his having liquidated a demand prior to their title." Lord Cranworth speaks of a creditor claiming by title subsequent to that of the person whose charge is paid off; but, on principle, I can see no distinction between the position of such a creditor and that of one who ranks *pari passu* with the encumbrances paid off. This being so, it seems to me that, even if the company could keep alive the debentures handed over by Ashby and Herbert when they were paid off, and has effectually done so—points which are of considerable, but perhaps not of insuperable, difficulty—still the company could not set up those debentures against the holders of the other debentures. Further, I think that the transferees who dealt with the company and not with Ashby or Herbert are in no better position. In the first place, it seems to me that, in the circumstances of this case, the transfers could only confer a legal title by way of assignment under the provisions of section 25, subsection 6, of the Judicature Act, 1873; and that title would be "subject to all equities which would have been entitled to priority over the right of the assignee in case the Act had not been passed," and consequently subject to the equities of the other debenture-holders. It may be that the holders acquired a title by estoppel against the company; but this estoppel would not bind the other debenture-holders. See "*Mowatt v. Castle Steel and Ironworks Company*" (34 Ch. D., 58). Again, Condition 9, which provides that "the principal moneys and interest hereby secured will be paid without regard to any equities between the company and any intermediate holder," does not appear to meet the present case. That clause is indeed sufficient to prevent the company from availing itself of any equity to which it was entitled against an intermediate holder, see "*In re Blakeley Ordnance Company*"

(3 Ch. App., 154); but the equity here set up is not that of the company, but of the other debenture-holders, who, in my opinion, could only be excluded from setting up their equity by clear language, as, for example, by words expressly authorising the company to reissue debentures which had been paid off. I was at one time impressed with the distinction sought to be drawn in argument between redemption under the conditions of the debentures and payment off by virtue of the stipulation contained in a collateral contract; but the rule stated in "*Otter v. Lord Vaux*" appears to me to be independent of any such considerations. It would apply, for example, when the payment off was the result of a bargain voluntarily entered into between mortgagor and mortgagee before the time for redemption of the mortgage had arrived. For these reasons I feel constrained to come to the conclusion that the appeal fails. I much regret the result, for it is not suggested that there has been any want of good faith in the transactions which have given rise to the question; and the present holders (who, as I understand, were ignorant of the facts) may well be excused if they failed to detect the possible infirmity of the title which they accepted.

LORD JUSTICE COZENS-HARDY then read the following judgment :

—In the course of the arguments on this appeal many important and difficult questions have been raised. But, in the view which I take, it is not necessary for our decision that a positive answer should be given to all of these questions. I propose, therefore, to deal very briefly with several of them. It has been argued that a company which has once issued debentures to the full authorised amount may nevertheless reissue debentures which have been paid off, although there is no express power reserved so to do. As at present advised, I think a company cannot under such circumstances reissue. The reissue is in substance the creation of a fresh charge. The extinguishment of the old charge must ensure to the benefit of the persons entitled to *pari passu* charges, "*Fraser v. Jones*" (6 Hare, 475, 481). But it suffices in the present case to say that the company did not profess to reissue, and that the appellants must succeed or fail as transferees of issued debentures. I will only add that in any case in which a company reissues debentures the claims of the revenue authorities will demand consideration. Again, it was argued that a company, by registering a transfer of a debenture, is estopped from denying its existence and validity. But this will not suffice for the appellants, for assuming, without deciding, that they have a good title by estoppel against the company, the respondents, who are registered holders of the admittedly valid debentures, are in no way estopped from disputing the validity of the debentures registered in the names of the appellants. "*Mowatt v. Castle Steel and Ironworks Company*" (34 Ch. D., 58, 63) is a clear authority against any such

contention. It is necessary therefore to consider whether, as against the respondents, the appellants can establish a right to rank as transferees and holders of debentures of the first issue. Now it has not been, and it cannot be, disputed that the debentures in respect of which the appellants claim were issued to Herbert and Ashby, who were registered as holders, and for this purpose it is not material that they were issued as so-called "collateral security" for loans of lesser amount than the face value of the debentures. The debentures thus issued were redeemed by the company when the loans were paid off. The debentures themselves were handed back to the company, together with transfers in blank. From that time Herbert and Ashby had nothing to do with, and had no interest in, the debentures. The appellants did not contract with Herbert or with Ashby. They entered into direct relation with the company, and after a considerable interval paid to the company the face value of the debentures. The blank transfers were filled up, and the appellants were entered on the register as holders. It seems to me that the redemption of the debentures by payment off of the loans must involve precisely the same consequences as if the debentures had been redeemed by payment off of the amount due on the debentures themselves. In either case the debentures were spent; nothing was due under or in respect of them. But it is argued that they were kept alive, though in a state of suspended animation, and were capable of transfer at the dates when they were transferred to the appellants. It is well established that, if a limited owner, such as a tenant for life, pays off a charge on the inheritance, there is a presumption that he does not make a present of it to the owners of the inheritance. So long as he lives, he is the person whose duty it is to keep down and whose right it is to receive the interest. But on his death his executors are entitled to a charge on the inheritance, with interest from his death. The charge extends beyond the life estate, and no question of merger or extinguishment arises. Lord Cranworth, in "*Morley v. Morley*" (5 De G. M. and G., 620), states the principle very clearly thus:—"The result of the long series of authorities, proceeding upon a very intelligible principle, I take to be this, that when an encumbrance is paid off by the person having a partial interest (that is, an interest less than the whole inheritance), unless there is something to show a contrary intention, the presumption is that he meant to do that which in law and in equity he might have done—namely, to keep it alive for his own interest, and that the omission was a mere oversight; in such a case the Court will supply that omission by giving him, or causing the proper parties to give him, if necessary, an assignment or an instrument which shall put him in the same position as if he had obtained it for himself." The presumption is different where the party paying off the encumbrance is entitled to the inheritance—where he is absolutely entitled to the fee simple. The presumption

in favour of extinguishment, where the encumbrance is paid off by the owner of the inheritance, does not arise or may be rebutted under certain circumstances. In "*Thorne v. Cann*" (1895, A.C., 18) Lord Macnaghten says, "Nothing, I think, is better settled than this, that when the owner of an estate pays charges on the estate which he is not personally liable to pay, the question whether those charges are to be considered as extinguished or as kept alive for his benefit is simply a question of intention. You may find the intention in the deed, or you may find it in the circumstances attending the transaction, or you may presume an intention from considering whether it is or is not for his benefit that the charge should be kept on foot." The same principle is again laid down in "*The Liquidation Estates Purchase Company (Limited) v. Willoughby*" (1898, A.C., 321). It will be observed that Lord Macnaghten carefully limits the doctrine of keeping alive to an owner who is not personally liable to pay; and, so far as I am aware, there is no authority for extending it to an owner who is simply paying off his own debt. It is not easy to see how it can be to his interest to keep alive his own debt, which he cannot set up against his own subsequent or *pari passu* encumbrancers. Nor is it easy to follow the argument that a debtor who has paid off his debt and thus satisfied his legal obligation can keep it, or the security for it, alive for his own purposes. The language of Lord Cranworth in "*Otter v. Lord Vaux*" (6 D. M. and G., 643) seems to me to indicate that in his view this cannot be done. He says, "The case is, therefore, to all intents and purposes that of a mortgagor liable to pay a sum of money to his first encumbrancer, paying it and getting a transfer; but that transfer is something which, upon general principle, he cannot set up against a creditor claiming by a title subsequent to that of the person whose charge he has so paid off." This, too, was the view of Mr. Justice Buckley in the recent case of "*In re George Routledge and Sons (Limited)*" (1904, 2 Ch., 474), though possibly his observations may be regarded only as *dicta*. If, therefore, it were necessary for the decision of the present case, I should be prepared to hold that the company could not keep alive their debt when once paid off. But, assuming, contrary to my present view, that it is possible for an owner in fee to keep alive his own debt, I think it is clear that his intention must be unequivocally manifested at the time when the debt is paid off, and that the presumption of extinguishment cannot be rebutted by subsequent acts. In the present case there is no expressed intention at the time, and there is nothing which can be referred to as indicating intention at the time, unless it be the taking transfers in blank. But, in my opinion, that is not sufficient. An act of doubtful and equivocal import cannot rebut the legal presumption. Even a contemporaneous transfer of the charge to a trustee is not conclusive

evidence against the presumption. The intention to keep alive must, in the language of Lord Langdale, not be "left as matter of implication and inference," but must be "clearly and unequivocally expressed"—"*Hood v. Phillips*" (3 Beav., 513, 519). Nor can it be said that the company had any interest in keeping alive the debt and the security, for they could not in any way use it against their own encumbrancers. I think the debentures when redeemed must be considered as dead and gone for all purposes and as incapable of transfer. They were no longer part of the series, they were merely pieces of paper; and, that being so, the ninth condition, upon which so much reliance was placed by Mr. Younger, has no application. The result is that the instant the debentures were redeemed by the company, the redemption inured for the benefit of all persons entitled to the *pari passu* charge. The appellants cannot be in any better position than the company through whom they claim. Their title is subsequent in date to that of the respondents and there being no question of legal estate, priority of date is the governing element. For these reasons I think the judgment of Mr. Justice Kekewich was correct, and that this appeal must be dismissed with costs.

COURT OF APPEAL.

(Before Lords Justices Vaughan Williams, Stirling, and Cozens-Hardy.)

In re HAMILTON, YOUNG AND CO.—*ex parte* CARTER.

The Times, August 12th, 1905.

This was an appeal from the decision of Mr. Justice Bigham, sitting in bankruptcy, reported in *The Times* of May 23rd last, in 27 *The Times* Law Reports, 536, and in 1905, 2 K.B., 381, on a special case stated by the Judge of the County Court at Manchester under section 97 of the Bankruptcy Act, 1883, for the opinion of the High Court. The case raised a question of commercial law of some importance, in these circumstances.

The debtors, Hamilton, Young and Co., were adjudged bankrupts on August 15th, 1903, on their own petition, and a Mr. Carter was duly appointed the trustee in the bankruptcy. His title as trustee, however, related back to an act of bankruptcy committed by the debtors on the previous July 24th, which date was the date of the commencement of the bankruptcy; and the question was whether the National Bank of India (Limited) (hereafter called the bank) were secured creditors with respect to certain goods by virtue of certain letters of lien given them by the debtors, or whether the trustee in bankruptcy was entitled to the

goods by virtue of his title and rights under the Bankruptcy Act. The debtors were a mercantile firm at Manchester, and consisted of four partners. Two of the partners also traded in co-partnership at Calcutta under the style of Ewing and Co. The course of business between the two firms was as follows:—Ewing and Co. in Calcutta from time to time gave the debtors prices which they were willing to pay for any particular goods which they required to be delivered to them c.i.f. in Calcutta. If the debtors saw that they could ship the required goods at a profit on the stated prices their practice was to accept the offer of Ewing and Co. and to produce the goods by buying the grey cloth, causing it to be bleached and dyed (if dyeing was necessary), and then packed and shipped (carriage paid and insured) to Ewing and Co. at Calcutta. The difference between the price which Ewing and Co. had agreed to pay, and the cost to the debtors of production and delivery made up the gain of the debtors. If the prices offered by Ewing and Co. were not high enough their orders were declined, and the debtors asked for better prices. The debtors were not bound to execute any orders given by Ewing and Co. For the purpose of obtaining, producing, and shipping as above mentioned, the debtors purchased in Manchester goods, and had them prepared, packed, and shipped to Calcutta. The course of preparation of the goods for shipment was that the goods when purchased were sent to be bleached to bleachers, where they remained to the order of the debtors, and such of them as from time to time were required by the debtors for shipment to Ewing and Co. were delivered by the bleachers, in accordance with directions given them from time to time by the debtors, either to the warehouse of the debtors or to packers to be packed. In order to obtain money with which to pay for the goods which they had purchased, the debtors from time to time used to obtain advances from the National Bank of India (Limited). The debtors had two accounts with the bank—a general account and a loan account—the latter account being called “loan account No. 2,” and the course of business with the bank was as follows:—The debtors from time to time, as they required to pay for goods purchased in Manchester for shipment, drew cheques on the bank, which were honoured by the bank, and as security for the advances thereby made the debtors used to give the bank a letter of lien which (omitting formal parts) was in the following terms:—“We beg to advise having drawn a cheque on you for £—, which amount please place to the debit of our loan account No. 2, as a loan on the security of goods in course of preparation for shipment to the East. As security for this advance we hold on your account and under lien to you the undermentioned goods in the hands of [here followed list of goods and name of bleachers], as per their receipt enclosed. These goods when ready will be shipped to Calcutta, and the bills of lading duly endorsed will be

handed to you, and we then undertake to repay the above advance either in cash or from the proceeds of our drafts on Messrs. Ewing and Co., Calcutta, to be negotiated by you and secured by the shipping documents representing the above-mentioned goods. But in no case is the advance to extend beyond two months from date hereof, unless by special arrangement, at the expiry of which we undertake to repay the same or any portion thereof then outstanding. Interest on this advance to be at the rate of 6 per cent. per annum. We undertake that the goods while in course of preparation for shipment shall be covered against fire risk under a general policy of assurance which we shall deposit with you." Accompanying the letter of lien the debtors gave to the bank the receipts of the bleachers for the goods specified in the letter. As soon as the debtors had in their hands ready for shipment to the East goods of a value at least equal to the amount of one of the cheques thus drawn upon and honoured by the bank, they invoiced and shipped the goods to Ewing and Co. in Calcutta, and handed to the bank a copy of the invoice and the bill of lading of the goods so shipped, together with a letter signed by them (called the shipment letter) and a trust receipt to be signed by Ewing and Co. in Calcutta, and also a letter of written instructions to the bank as to the disposal of the moneys representing the value of such goods. The shipment letter was addressed by the debtors to the bank and (omitting formal parts) was as follows:—"Having this day received from you an advance of £——, bearing interest at 6 per cent. per annum, we hereby hand you as collateral security for the due repayment of such advance and interest, bills of lading, invoices, and policies of insurance for — packages per — to Calcutta, as described at the foot hereof, which documents are to be handed to your Calcutta agency. Our agreement is as follows:—Firstly, that on arrival of the documents in Calcutta they will be handed to Messrs. Ewing and Co. by your agents, who will receive in exchange a formal lien over them and the goods they represent, and an undertaking to provide for fire insurance. Secondly, that within six months after the date of the above advance, Messrs. Ewing and Co. will release the above documents referred to by delivering to your said agent a telegraphic transfer or demand draft on London for the equivalent amount of the said advance, together with interest at 6 per cent. per annum from date hereof, until approximate due date of arrival in London of such remittance. Your bank to have the preference at equal rates [then followed the particulars referred to]." The effect of each transaction above described was intended by the parties to be a payment in reduction of the outstanding amounts secured by goods hypothecated to the bank. When goods had been shipped of a value sufficient to cover or partly cover the amount outstanding under a particular letter or particular letters of lien, the amount mentioned

in the shipping letters and documents was allocated to such particular letter or letters of lien either as a payment in full or in part of the amounts due under such letter or letters of lien, as the case might be. In cases where the amount was allocated as part payment of the amount due under a letter of lien it was the course of business that goods sufficient to secure both the undischarged balance and also the aggregate amount of all other letters of lien remained in the hands of the bleachers, or packers, or shippers, or in the warehouses of the debtors under lien to the bank. The goods shipped were on arrival delivered into a special godown rented by the bank, whose name appeared thereon and the keys whereof belonged to the bank and were in their possession. All such goods had been sold in Calcutta before arrival, and, under a verbal arrangement with Ewing and Co., in Calcutta, the bank allowed that firm to deliver such goods as the bank's agents to the purchaser, Ewing and Co. paying into the bank on the day after delivery the amount of the invoice value of such goods. No drafts on Ewing and Co. were sent to the bank with the shipping documents or at all. The bank, after receipt of the letters of lien, had no information as to the movements of the goods between the bleachers, or the dyers, or the packers, and the debtors, nor as to whether the goods specified in the invoice and shipment letter and bill of lading corresponded wholly or partly with the goods specified in any letter of lien. All that the bank required was that the goods specified in the bill of lading, invoice, and shipment letters should be of a value sufficient to secure the bank in respect of the amount mentioned in the shipment letter. There was nothing in the shipping documents enabling the bank to identify the goods therein mentioned and the goods mentioned in the bleachers' receipts which accompanied the letters of lien. In June and early in July, 1903, the debtors had given the bank letters of lien on goods belonging to them which had been placed with bleachers and dyers as security for advances made to them by the bank amounting to £5,099 16s. 7d., and the bleachers' receipts had been sent with the letters of lien to the bank. On July 13th there were goods to a large amount in the hands of the bleachers and dyers, and also in the warehouses of the debtors. On July 14th the bank, hearing that Ewing and Co. were in difficulties, gave the bleachers and dyers notice claiming the goods in their hands, and on the same day they also gave notice to the debtors that they claimed the goods. On July 28th the debtors executed to a trustee a deed of assignment for the benefit of their creditors, and on August 15th they were adjudged bankrupt. On July 24th, the date of the act of bankruptcy, certain goods were at the bleachers and dyers, and the bank subsequently claimed possession of certain of the said goods claimed by the bank and caused them to be sold. Three questions were submitted by the special case, but they

were really incorporated in the question whether or not the bank were, by virtue of their letters of lien, secured creditors in respect of the goods referred to in their letters of July 14th. The question turned mainly on section 4 of the Bills of Sale Act, 1878, which enacts that "the expression 'bill of sale' shall include assignments, transfers, declarations of trust without transfer, inventories of goods with receipt attached thereto, or receipts for purchase-money of goods, and other assurances of personal chattels . . . authorities or licences to take possession of personal chattels as security for any debt, and also any agreement, whether intended or not to be followed by the execution of any other instrument, by which a right in equity to any personal chattels or to any charge or security thereon shall be conferred; but shall not include the following documents . . . transfers of goods in the ordinary course of business of any trade or calling, bills of lading, India warrants, warehouse-keepers' certificates, warrants or orders for the delivery of goods, or any other documents used in the ordinary course of business as proof of the possession or control of goods, or authorising or purporting to authorise, either by endorsement or delivery, the possessor of such document to transfer or receive goods thereby represented." On the part of the trustee in bankruptcy it was contended—(1) That the letters of lien were bills of sale, and, not being in the form and registered as prescribed by the Bills of Sale Acts, were void; and (2) that the goods at the commencement of the bankruptcy were in the order and disposition of the debtors as the reputed owners thereof. On the part of the bank it was contended—(1) That the letters of lien fell within the exception in section 4 of the Bills of Sale Act as being "documents used in the ordinary course of business as proof of the possession or control of goods," etc.; and (2) that the letters of July 14th took the goods out of the order and disposition of the debtors. Mr. Justice Bigham, in a considered judgment, said that the letters of lien evidenced a transaction of a most ordinary kind as between bankers and merchants, happening by the score every day. It seemed to be the clear intention of the parties that the goods were held by the bleachers for the bank. The bleachers knew well that in the course of business they would be bound to hand the goods to the bank if required to do so. The documents were therefore such as were accompanied by a transfer of possession of the goods. Thus they came within the exceptions mentioned in section 4 of the Bills of Sale Act, 1878, as being "transfers of goods in the ordinary course of business of any trade or calling," or as being documents "used in the ordinary course of business as proof of the possession or control of goods." As to the other point—that the goods were in the order and disposition of the bankrupts at the commencement of the bankruptcy—his Lordship said that the goods were no doubt the goods of the

bank in the sense that they had a charge on them; but the bank never consented to the goods being in the order and disposition of the bankrupts in their trade or business, and certainly did not do so in such circumstances that the bankrupts became the reputed owner of the goods. The reasoning of Lord Justice Vaughan Williams in "*In re Watson*" (L.R., 2 K.B., 753) applied and disposed of the contention. His Lordship accordingly answered the questions in favour of the bank. From that decision the trustee appealed.

Mr. Danckwerts, K.C., and Mr. E. W. Hansell were for the trustee; Mr. J. A. Hamilton, K.C., and Mr. Schiller were for the bank.

At the conclusion of the arguments on July 31st their Lordships reserved judgment, which they delivered this morning, dismissing the appeal with costs.

LORD JUSTICE VAUGHAN WILLIAMS read the following judgment:—This is an appeal from the judgment of Mr. Justice Bigham upon a special case. I think that judgment should be affirmed, and this appeal dismissed with costs. After stating the facts and reading the questions in the special case, the Lord Justice continued:—I think that these questions should be answered in favour of the bank, because I think that the letters of lien, with the accompanying receipts, are not bills of sale, because they come within the exception from section 4 of the Act of 1878, being documents "used in the ordinary course of business as proofs of the possession or control of goods." That such documents as the letters of lien, with the accompanying receipts of those in actual possession, are documents used in the ordinary course of business I have no doubt; but the question is whether such documents are used as a proof of the possession or control of goods within the meaning of the exception. I think, however, that these documents in the ordinary course of business were used as proof of possession or control of these goods. The documents are records of a bargain creating a lien or charge in favour of the bank, and declaring that Hamilton, Young and Co. hold the goods specified in the respective letters on account of the bank and under lien in the hands of the persons therein named, and as such would be bills of sale but for the fact that they fall within the exception. But I think they do fall within the exception, and I think that the documents are not the less intended as proof of control within the meaning of the exception, because the goods, while thus held by Hamilton, Young and Co., or their bailees, the bleachers, packers, and others, were to be dealt with by Hamilton, Young and Co. at their discretion in preparation for shipment to the East. The control of the bank, in my opinion, continued all along. The bank would, on the strength of these documents, at any time have been entitled to an injunction restraining Hamilton,

Young and Co., if they had attempted to take the goods out of the control of the bank, by dealing with them for a purpose other than that of preparation for shipment, and shipment to the East. I do not think it makes any difference on this point whether the goods happened to be held by Hamilton, Young and Co., on account of the bank and under lien to the bank in the warehouse of Hamilton, Young and Co., or in the hands of the bleachers and others who had given receipts to Hamilton, Young and Co. Then comes the third question, whether the bank, on July 24th, 1903, were entitled to any other goods which at the said date were in the hands of bleachers, packers, or of Messrs. Hamilton, Young and Co.—*i.e.*, goods other than those mentioned in letters of lien with receipts attached. I think that, excepting in one case, the bank is entitled to the goods, because the title of the bank does not arise under a document void as a bill of sale, and the bleachers to whom notice was sent in all cases except one attorned before the bankruptcy to the bank. His Lordship then said that his attention had been called by Lord Justice Stirling to two statutes—the Bills of Sale Act, 1890, and the Bills of Sale Act, 1891—which had not been called to the attention of the Court during the argument. Having regard to the provisions of those statutes, he wished to add a word or two to his judgment. Section 4 of the Bills of Sale Act, 1878, after defining a “bill of sale,” contained certain exceptions—exceptions which equally existed in the prior Act of 1854. Among those exceptions were “transfers of goods in the ordinary course of business of any trade or calling, bills of sale of goods in foreign parts or at sea.” Now, without going into detail on the two statutes of 1890 and 1891, he might say generally that the intention of those statutes was to extend the exceptions in the previous Acts to instruments creating security on imported goods prior to their being reshipped for export. Under the Act of 1854 there were provisions which did not exist in section 4 of the Act of 1878, which, putting it shortly, included in “bills of sale” documents in respect of which an equitable charge had been given. Upon the Act of 1854 there was a decision of “*Ex parte the North-Western Bank—in re Slee*” (L.R., 15 Eq., 69), in which it was held that a transaction of advance and hypothecation did not amount to a bill of sale, and therefore did not require registration, the transaction being “in the ordinary course of business.” That decision was based really on the fact that the documents in question were not within the definition of a “bill of sale” at the commencement of the section—section 7. Then followed alterations by the Act of 1878, which extended the definition of a bill of sale, but repeated the exceptions which had been contained in the Act of 1854. Now, under these circumstances, the real question in the present case was, what was the effect of the extension of the definition of a “bill of sale,”

that is, the extension of the definition so as to make it cover an equitable charge? In his Lordship's opinion the intention of the Legislature by the subsequent Acts was perfectly plain—namely, that the extension was as much to extend the definition as to add to the exceptions in the Act of 1854. In "*Merchant Banking Company of London v. Spotten*" (Ir. Rep., 11 Eq., 586), it was clear from the judgments that the scope of the Act of 1854 was not to avoid as "bills of sale" documents used in the ordinary course of business as proof of the possession or control of goods. In the present case the question to be considered was whether these documents were intended to part with the possession or control of the goods. Upon that question Mr. Justice Bigham had arrived at the conclusion that these documents were intended both as "proof of possession" and also as "proof of control." He (the Lord Justice) was not saying that that was not so, but he preferred to take the simpler case—whether they were proof of possession. He had himself no doubt that business people of Manchester would so regard them; but that would not do unless upon the true construction of those words these documents were, in the circumstances, intended to be proof of the "possession or control" of the goods within the meaning of the exceptions. Taking the case independently of the practice of the bank, his Lordship's opinion was that these documents were intended as proof of possession, and the fact that the bank had the goods held for them made no difference. He also agreed with Mr. Justice Bigham in his view of the other question as to the goods being in the order and disposition of the bankrupt. In his opinion this appeal must be dismissed, and with costs.

LORD JUSTICE STIRLING delivered judgment to the same effect.

LORD JUSTICE COZENS-HARDY then read the following judgment:—I agree that this appeal must be dismissed, and for the reasons assigned by Lord Justice Vaughan Williams. The general policy of the Bills of Sale Act was not to interfere with ordinary business transactions. In so far as they might be hit by the general words in the definition of "bill of sale," they are taken out by the express exception. I think the letters of lien, coupled with the deposit of the bleachers' receipt, was a document used in the ordinary course of business as proof of the control of goods within the meaning of section 4 of the Act of 1878. It enabled the bank to prevent the bankrupts by injunction from dealing with the goods in any manner inconsistent with the arrangement contemplated by the parties, an arrangement which would result in the handing over of bills of lading when the goods were ready for shipment to Calcutta. It thus gave the bank a "control" of the goods. This disposes of the first and second questions. As to the third question, I think the attornment of the bleachers gets rid of all difficulty. Mr. Hansell sought to argue that the title of the bank could

be impeached on the ground of fraudulent preference. But no such question can arise on this special case. And nothing decided by us on this appeal will in any way preclude the raising of the issue of fraudulent preference in proceedings properly directed to that issue.

OBITUARY.

WILLIAM FOWLER.—During the past few years the state of Mr. Fowler's health has prevented him from taking as active a part in the work of the Institute as formerly, but many of our members will recall the interesting paper on "The Circulation of "Notes under £5" which he read before the Institute in December, 1882. The question was one with which Mr. Fowler was closely identified for many years, and, in the summer of the same year, he, as Member for Cambridge, introduced a resolution into the House of Commons advocating the issue of £1 notes. More recently, in April, 1900, he read a paper on Banking Reserves which attracted considerable attention. Since 1886, Mr. Fowler has been a Vice-President of the Institute and has frequently spoken at our meetings. He was a director of the National Discount Company and the Chairman of the Bank of Tarapacá and Argentina from its foundation in 1888 till the time of his death on September 16th last.

JOHN CHARLES POCOCK.—Mr. Pocock, whose death in his 73rd year is recently announced, was for twenty-seven years Deputy-Inspector, and for nine years Chief Inspector of the Clearing House, in which his father had previously held the same important positions. Mr. Pocock retired in January, 1900, from the Clearing House, where his genial personality had made him very popular.

QUESTIONS ON POINTS OF PRACTICAL INTEREST.

THE Council desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The Council wish, however, to point out that they cannot undertake to answer purely legal questions or to give any opinion on points of law.

The following questions have been received, and answers are appended, which, after careful deliberation, the Council have approved :—

Unpaid Cheque—Re-presented by “Case of Need.”

QUESTION 2045.—A cheque is presented to “X” Bank by “B,” a foreign banker, and returned with answer, “Orders not to pay.” The cheque is, however, marked “in need with ‘C’ Bank.” The latter honours it on presentation, and on hearing the stop is removed, presents it to the “X” Bank. Is this bank justified in paying the money to the “C” Bank, as the cheque still bears the crossing of “B?”

ANSWER: In practice the Bank would generally pay such a cheque.

Cheque—Endorsement.

QUESTION 2046.—A cheque payable to “the Owners of the Ham-steel Collieries” or order is endorsed—

For the Owners of the Hamsteel Collieries and Self,

John Smith,
Managing Partner.

Is this endorsement correct?

ANSWER: The endorsement is unusual in form, but the cheque would generally be paid.

SUMMARY OF JOINT

In £'s sterling 000 omitted, thus:—£1,000 =

Bank.	Account made up to	No. of Branches & sub-branches.	CAPITAL AND SHAREHOLDERS' LIABILITIES.					Dividend and Bonus per Annus	Reserve Fund
			Subscribed.	Paid up.	Nominal Amount of Share	Paid up per Share.	Reserve Liability per Share.		
	1	2	3	4	5	6	7	8	9
	1905.		£	£	£	£	£	%	£
African Banking Corporation, Ltd.	Mar 31	40	800	400	10	5	5	6	144
Australian Joint Stock Bank, Ltd.	Jun 30	71	547	154	{ 3½ 4½ 5	{ 1 2½ 4	{ 6	...	...
*Bank of Adelaide	Mar 27	45	500	400	5	4	6	8	231
Bank of Africa, Ltd.	Jun 30	65	3,000	1,000	18½	6½	...	11	641
Bank of Australasia	Apr. 10	167	1,600	1,600	40	40	(c) 40	12	1,226
Bank of British North America	Jun 30	47	1,000	1,000	50	50	...	6	420
*Bank of British West Africa, Ltd.	Mar 31	9	150	60	10	4	6	8	23
Bank of Ireland	Jun 30	...	2,769	2,769	Stock	Stock	...	11½	1,704
*Bank of Liverpool, Ltd. ...	"	84	8,000	1,000	100	12½	60	14	693
Bank of New South Wales	Mar 31	219	2,000	2,000	20	20	20	10	1,370
*Bank of New Zealand ...	"	134	{ 1,000 Sk. 1,500 Sh. }	{ 1,952	{ Pf. 6½ Or. 6½ }	{ 6½ 3½ }	{ }	{ 4 on Sk 5 on Ord Sh }	44
Bank of Victoria, Ltd. ...	Jun 30	74	{ Pf. 417 Or. 2,400 }	417 1,061	10 10	10 5	...	5 Pf. / 4 Or. /	160
Bank of Whitehaven, Ltd.	"	9	295	98	30	10	...	10	70
*Barclay and Company, Limited	"	352	6,991	2,797	20	8	...	15	1,250
*Belfast Banking Company, Limited	Jly. 31	75	2,500	500	125	25	75	20 old / 8 new /	450
Bradford District Bank, Limited	Jun 30	5	860	344	10	4	4	11½	210
Bradford Old Bank, Ltd.	"	24	1,250	500	50	20	...	9	180
*British Linen Company Bank	Apr. 15	135	1,250	1,250	Stock	...	...	20	1,700
*Caledonian Banking Co. Limited	Jun 30	32	750	150	12½	2½	7½	6	51
*Canadian Bank of Commerce	1904. Nov 30	127	...	1,788	...	...	...	...	719
*Capital & Counties Bank, Limited	1905. Jun 30	386	7,625	1,525	50	10	30	18	900
Carlisle and Cumberland Banking Co., Limited	"	...	400	100	20	5	10	18	85
Colonial Bank	"	19	2,000	600	20	6	...	7	150
Commercial Bank of Australia, Limited }	"	144	2,213	2,213	{ Pf. 10 Or. ½ }	{ 10 ½ }	{	{ 3 on / Pf. / }	...

* These accounts are made up annually. † Including liability of customers for acceptances and endorsements.
‡ Net profits for the year. § Column 16 includes British Government Stock if held and not separately stated.

STOCK BANK ACCOUNTS.

£1,000,000 (except columns 1, 2, 5, 6, 7, 8).

LIABILITIES.				ASSETS.					
Deposits.	Acceptances.	Other Items.	Net Profits for the half-year.	Cash in hand and at Call.	Investments.		Bills discounted, Loans, and other Securities.	Bank Premises, Furniture, &c.	Total Assets.
10	11	12	13	14	British Government Stock. 15	Other Investments. §	17	18	19
£	£	£	£	£	£	£	£	£	£
5,142	...	415	10	1,321	...	374	4,270	148	6,113
14,085	...	1,361	2	655	196	...	4,392	366	5,609
2,334	...	421	† 48	1,001	...	433	1,936	71	3,441
7,867	484	1,118	58	2,117	...	1,094	7,551	429	11,191
16,286	...	2,897	136	5,653	967	145	15,056	295	22,116
3,740	...	3,814	34	2,449	263	290	5,830	182	9,014
541	...	152	† 5	257	79	43	390	17	786
9,712	...	5,395	160	2,145	(d) 4,307	4,009	8,516	106	19,083
11,874	787	93	† 165	3,075	...	1,791	9,265	315	14,446
13,787	...	3,873	133	6,735	...	1,888	21,867	700	31,190
12,191	1,022	879	† 321	2,124	...	(f) 4,035	9,846	337	16,342
4,964	412	436	34	1,267	...	186	5,787	254	7,494
505	...	22	6	32	...	251	407	14	704
7,293	163	...	† 483	10,391	...	8,662	21,199	1,251	41,503
4,258	...	604	† 61	833	425	830	3,666	76	5,830
3,064	137	...	21	...	...	(g) 1,358	2,347	79	3,784
2,658	41	2	23	455	...	462	2,422	71	3,410
11,917	562	1,143	† 299	1,873	...	4,037	10,504	329	16,743
1,201	...	168	† 15	125	...	403	993	56	1,577
14,478	...	1,719	...	1,665	...	...	16,840	205	18,710
10,467	837	16	† 298	8,909	2,777	2,454	18,724	932	33,796
917	...	21	10	139	...	195	763	39	1,156
2,017	...	1,183	18	670	...	1,047	2,224	50	3,991
3,651	...	927	68	1,440	...	135	4,875	395	6,841

a. Including Inscribed Deposit Stock, £791,004. c. Liability under Royal Charter in the event of liquidation.
d. Including Government Debt, £2,630,769. f. Including money at call and short notice.
g. Including cash and bills on hand and cash at call.

SUMMARY OF JOINT

In £'s sterling 000 omitted, thus:—£1,000—

Bank.	Account made up to	No. of Branches & Sub-Branches.	CAPITAL AND SHAREHOLDERS' LIABILITIES.						Dividend and Bonus per Annum.	Share Paid.
			Subscribed.	Paid up.	Nominal Amount of Share	Paid up per Share.	Reserve Liability per Share.			
	1	2	3	4	5	6	7	8	9	
	1905.		£	£	£	£	£	%	£	
Commercial Banking Co. of Sydney, Limited ...	Jun 30	146	2,000	1,000	25	12½	...	10	1,07	
Craven Bank, Limited ...	"	39	900	210	30	7	15	15	2	
*Crompton & Evans' Union Bank, Limited	"	44	1,250	250	20	4	...	18½	5	
Delhi and London Bank, Limited	"	7	338	338	25	25	...	4	—	
Devon and Cornwall Banking Company, Limited	Jly 22	...	1,250	250	100	20	50	20	35	
*Guernsey Banking Co., Limited	Jun 30	1	250	50	50	10	...	13	5	
*Halifax Commercial Banking Co., Ltd.	"	12	400	200	20	10	10	8	10	
Hibernian Bank, Ltd. ...	"	74	2,000	500	20	5	10	6	15	
	1904.									
*Imperial Ottoman Bank.	Dec. 31	...	10,000	5,000	20	10	...	7	80	
	1905.									
*Lincoln and Lindsey Banking Co., Ltd. ... }	Jun 30	25	465	163	{ 200 50	{ 70 17½	{ 100 25	18	27	
London and County Banking Company, Limited	"	246	8,000	2,000	80	20	40	20	1,40	
London and Provincial Bank, Limited	"	235	1,600	800	10	5	...	18	1,39	
London & South Western Bank, Limited	Jun 30	154	2,500	1,000	50	20	...	16	1,00	
London & Westminster Bank, Limited	"	35	14,000	2,800	100	20	...	13	1,40	
London City & Midland Bank, Limited	"	446	14,400	3,000	60	12½	35	18	3,00	
London Joint Stock Bank, Limited	"	40	12,000	1,800	100	15	50	11	1,14	
Manchester and County Bank	"	94	5,460	928	100	17	75	15	97	
Manchester & Liverpool District Banking Co., Limited	"	104	7,500	1,500	60	12	40	17½	1,51	
Martin's Bank, Limited	"	12	1,000	500	20	10	10	8	125	
Munster & Leinster Bank, Limited	"	65	500	200	5	2	2	12	23	
National Bank, Limited	"	127	7,500	1,500	50	10	33½	11	51	

* These accounts are made up annually.

† Including liability of customers for acceptances and endorsements.

STOCK BANK ACCOUNTS—(continued).

1,000,000 (except columns 1, 2, 5, 6, 7, 8).

LIABILITIES.				ASSETS.					
Deposits.	Acceptances.	Other Items.	Net Profits for the half-year.	Cash in hand and at Call.	Investments.		Bills discounted, Loans, and other Securities†	Bank Premises, Furniture, &c.	Total Assets.
					British Government Stock.	Other Investments.‡			
10	11	12	13	14	15	16	17	18	19
£	£	£	£	£	£	£	£	£	£
12,339	599	428	72	3,627	1,309	41	10,094	459	15,530
3,023	21	52	17	420	320	807	1,786	87	3,420
4,588	...	...	† 49	912	366	672	3,087	80	5,117
1,350	5	122	8	187	73	79	1,455	33	1,827
4,274	...	...	...	430	560	1,250	2,497	137	4,874
246	...	38	† 12	29	30	40	289	5	393
1,563	14	17	† 19	267	...	257	1,355	30	1,909
3,042	...	552	26	172	...	705	3,269	113	4,239
1,117	2,851	9,779	† 397	3,891	...	4,350	11,479	256	19,976
1,426	...	23	† 30	172	412	98	1,182	58	1,922
44,813	2,322	23	264	11,405	6,661	2,731	29,223	816	50,839
13,318	...	...	95	2,683	2,858	1,174	8,719	208	15,642
13,318	1	418	89	2,851	2,204	1,886	8,391	521	15,853
27,817	1,054	481	201	11,686	3,885	782	16,657	761	33,771
46,922	2,889	...	295	15,042	3,074	3,693	33,102	1,278	56,191
21,057	1,073	18	104	9,817	2,552	1,172	11,209	457	25,207
8,705	168	15	85	2,558	675	709	6,769	175	10,886
15,039	564	1	142	3,760	944	2,356	11,726	300	19,086
2,991	306	...	24	1,119	395	105	2,219	133	3,971
4,249	...	...	20	691	731	436	2,801	52	4,711
11,510	125	1,085	96	3,273	1,411	152	9,702	311	14,849

† Net Profits for the year.

‡ Column 16 includes British Government Stock if held and not separately stated.

SUMMARY OF JOINT

In £'s sterling, 000 omitted, thus :- £1,000=

Bank.	Account made up to	No. of Branches & Sub-Branches.	CAPITAL AND SHAREHOLDERS' LIABILITIES.					Dividend and Bonus per Annum.	Reserve Fund.
			Subscribed.	Paid up.	Nominal Amount of Share	Paid up per Share.	Reserve Liability per Share.		
	1	2	3	4	5	6	7	8	9
	1905.		£	£	£	£	£	%	£
National Bank of Australasia, Limited ...	Mar 31	110	2,214	1,498	Pf. 10 Or. 8	10 5	...	5 3½	105
National Bank of India, Limited	Jun 30	20	1,200	600	25	12½	...	10	525
*National Bank of New Zealand, Limited	Mar 31	42	750	250	7½	2½	...	12	210
National Discount Co., Limited	Jun 30	...	4,233	847	25	5	...	10	400
North Eastern Banking Company, Limited	"	85	1,071	321	20	6	...	12½	128
*Northern Banking Co., Limited	Aug 31	97	2,500	500	A 50 B 50	10 10	30 30	12½ 6	300
*North of Scotland Bank, Limited	Sep. 30	77	2,000	400	20	4	12	10	192
Parr's Bank, Limited ...	Jun 30	164	8,542	1,708	100	20	60	20	1,709
Provincial Bank of Ireland, Limited	"	87	4,080	540	100 20	12½ 10	50 10	12	360
*Royal Bank of Canada (a)	Dec. 31	52	...	600	...	...	...	8	600
*Royal Bank of Ireland, Limited	Aug 31	10	1,500	300	50	10	10	12	200
Royal Bank of Queens-land, Limited	Jun 30	16	633	457	Pf. 10 Or. 9	10 6½	...	3½ 3½	64
*Sheffield and Hallamshire Bank, Ltd.	"	10	1,200	300	20	5	...	12½	210
Standard Bank of South Africa, Ltd.	"	146	6,194	1,549	100	25	...	16	1,997
Stuckey's Banking Co., Ltd.	"	69	2,040	408	60	12	...	...	355
*Ulster Bank, Ltd.	Aug 31	158	3,000	500	15	2½	10	20	700
Union Bank of Australia, Ltd.	Feb. 28	129	4,500	1,500	75	25	50	10	1,055
Union Bank of Manchester, Ltd.	Jun 30	70	1,250	550	25	11	...	10½	321
Union of London and Smiths Bank	"	150	22,934	3,555	100	15½	50	11	1,150
Western Australian Bank	Mar 27	45	125	125	10	10	10	17½	300
*Whitehaven Joint Stock Bank, Ltd.	Jun 30	7	401	60	50	7½	25	25	60

* These accounts are made up annually.

(a) \$5 = £1.

STOCK BANK ACCOUNTS (*continued*).

£1,000,000 (except columns 1, 2, 5, 6, 7, 8).

LIABILITIES.				ASSETS.					
Deposits.	Acceptances.	Other Items.	Net Profits for the half-year.	Cash in hand and at Call.	Investments.		Bills discounted, Loans, and other Securities.	Bank Premises, Furniture, &c.	Total Assets.
					British Government Stock.	Other Investments.†			
10	11	12	13	14	15	16	17	18	19
£	£	£	£	£	£	£	£	£	£
6,447	...	1,398	36	1,414	...	728	6,902	450	9,494
8,960	980	400	73	2,480	...	955	7,995	77	11,507
3,218	...	662	‡ 50	873	...	206	3,227	81	4,387
10,595	...	3,101	43	139	...	2,307	12,440	111	14,997
3,020	19	147	662	399	2,149	135	3,492
4,069	...	549	‡ 56	847	300	997	3,191	110	5,445
4,013	...	540	‡ 60	634	270	890	3,292	101	5,187
17,746	1,981	415	195	10,027	850	2,333	19,780	840	33,830
4,919	...	707	45	334	946	1,101	4,075	115	6,571
4,389	...	563	‡ 87	622	...	1,208	4,321	86	6,237
1,869	...	38	‡ 38	149	415	488	1,369	20	2,441
869	16	34	10	246	...	77	1,065	62	1,450
1,533	...	3	‡ 41	371	90	172	1,389	46	2,068
11,835	...	5,380	140	8,415	...	4,176	17,979	365	30,935
6,465	...	86	48	743	1,665	2,117	2,767	77	7,369
6,832	...	912	‡ 111	1,276	724	1,347	5,615	...	8,962
16,870	...	2,310	104	4,434	1,202	382	15,144	676	21,838
4,147	...	377	69	873	525	125	3,657	248	5,428
14,519	2,500	451	209	13,208	4,346	1,961	21,710	1,233	42,458
1,698	...	259	21	743	...	100	1,527	60	2,430
644	...	24	‡ 15	79	...	234	480	6	799

+ Including liability of customers for acceptances and endorsements. ‡ Net profits for the year.

§ Column 16 includes British Government Stock if held, and not separately stated.

RATES OF INTEREST ON FIXED DEPOSITS.

THE subjoined table exhibits the rates of interest on deposits in London for fixed periods, allowed by the following Indian and Colonial Banks :—

Bank.	One Year.	Two Years.	Three Years.	
	%	%	%	
African Banking Corp., Ltd...	4	*	*	
Bank of Adelaide	3	3	3	3 % for 4 and 5 years.
Bank of Africa, Limited	4	4	*	
Bank of Australasia	3	3½	*	
Bank of British North America	3	3	3.	
Bank of Mauritius	4	*	*	
Bank of New South Wales ...	3	3½	*	£200 and upwards.
Bank of Victoria, Limited ...	3½	4	4	
Chartered Bank of India, Australia, and China	3½	*	*	3 % for 6 or 9 months.
Commercial Bank of Australia, Limited	3½	4	4	
Commercial Bank of Sydney ...	3	3½	*	
Delhi and London Bank, Ltd....	4	*	*	2 % for 3 months and 3 % for 6 months.
Hong Kong and Shanghai Bank	3½	*	*	
London Bank of Australia ...	3½	3½	*	
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Natal Bank, Limited	4	4	4	
National Bank of Australasia...	3	3½	*	
National Bank of India, Ltd. ...	3½	*	*	3 % for 6 months.
National Bank of New Zealand, Limited	3½	3½	3½	
Queensland National Bank, Ltd.	3	3	3½	3½ % for 4 or 5 years.
Royal Bank of Queensland, Ltd.	3½	4	4	4 % for 4 years.
Standard Bank of South Africa, Limited	3½	*	*	3 % for 6 months.
Union Bank of Australia, Ltd.	3½	3½	3½	3½ % for 4 or 5 years.

* Deposits not received for these periods.

London, 31st October, 1905.

JOURNAL

OF THE

Institute of Bankers.

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The Institute of Bankers.

DECEMBER, 1905.

THE INAUGURAL ADDRESS OF THE PRESIDENT,

J. SPENCER PHILLIPS, Esq.

(Delivered before the Institute on Wednesday, November 1st, 1905,
at 5.30 p.m.).

N my address to you this evening I intend to follow the course which I pursued when I had the pleasure last year of appearing before you for the first time as your President, and to say a few words about the progress of the Institute during the last session.

First of all, you will, I know, share in the regret I feel at the absence of many faces which you have been accustomed to see before you on these occasions. Serious illness has caused us to lose, during the past year, the services of several of those whose presence at the Institute meetings has become familiar and expected. Mr. Herbert Tritton, my immediate predecessor in office, has, as you know, been compelled to resign the Chairmanship of the Council, owing to the state of his health. I am glad to say that Mr. Tritton is very much stronger, but he is naturally unwilling, for the present, to run the risk of another breakdown which might be incurred by a revival of his old activity and hard work in the cause of the Institute. The Council have therefore filled the vacant Chairmanship by electing Mr. Felix Schuster to the office. No words of mine are, I am sure, necessary to testify to you Mr. Schuster's ability and capacity for the position. I am also glad that I can give you a good account of our late Secretary, Mr. Agar. As I told you last May, it was only owing to imperative orders from his medical advisers that Mr. Agar regretfully resigned his position with us, and his enforced rest has been productive of the best results as regards his health. But though he is no longer able to assist us, I may say that the Council are confident that the work of the Institute will be satisfactorily carried out under his successor, our present Secretary. Among those whom we have lost during the past year, I may mention the name of Mr. Wm. Fowler, a Vice-President and an original Fellow of the Institute. He at one time took a very active part in our proceedings, and his paper on "The Circulation of "Notes under £5," on which he was a recognised authority, excited very general interest. The paper, together with the dis-

cussion thereon, may still be advantageously referred to by those who wish to study the question.

On looking back over the past year I am happy to say that we can congratulate ourselves on the satisfactory progress of the Institute. Our numbers have shown a gratifying increase, the Council having elected over 800 members of all ranks since last November. This increase is shown chiefly in the numbers of our Ordinary Members. The number of new Fellows and Associates has been well up to the standard of recent years, but, unfortunately, time causes many gaps among our older members. I should like, therefore, to repeat my suggestion of last year, that those who hold positions of responsibility in banks, and, more especially, those who have but recently been appointed to such positions, should seek election as Fellows of the Institute.

THE EXAMINATIONS.

The addition to the ranks of the Ordinary Members is chiefly accounted for by the increase in the number of candidates for the examinations for the Institute's Certificate. This growing desire on the part of our junior members to qualify themselves for their work by the acquisition of some knowledge of the theory of banking is the most prominent characteristic of the recent development of the Institute. It is a movement not confined merely to banking circles, but is part of a general tendency towards better technical and professional education, of which we can recognise the signs on every hand. Only a few years ago the desire to acquire a theoretical knowledge of business was looked at with suspicion by many people; the theorist was labelled a "faddist" and was considered as almost necessarily wanting in the more practical virtues. There may have been, I will even say there probably was, some foundation for this feeling, but it has to a great extent died out. Some of our members have shown in an unmistakable way by their rapid rise to positions of authority in their banks, that theory and practice are not necessarily divorced. But I wish to address a few words of warning, more especially to our younger members. Fired with the enthusiasm for passing a successful examination and carrying off one of the prizes offered by the Institute, there is a danger that they may overlook the fact that the examinations are a means to an end, and not simply an end in themselves. It cannot be too distinctly understood that bank directors encourage the passing of the examination solely in order that the candidates shall be better fitted for carrying out their daily work in an intelligent and efficient manner. Much is required of a bank official which cannot be learned from books, much of his work is necessarily merely mechanical, and in its initial stages, as is the

case in any other profession, possibly rather irksome, but if he can apply the knowledge he has gained in examinations to his daily work, it will make this more interesting and will prove of undoubted benefit to him in his banking career.

•
STAFF.

I should like to take this opportunity, the last I shall have here, of saying a few words to that great body, the members of our banking staffs. I do not know if any census has been estimated of bank employees, but the number must be very large, and I welcome this opportunity of saying that we are well served by a body of men who always have responsible, and often difficult, duties to perform. The position of the bank clerk is not an unenviable one. It is true that much of his work is routine, and that promotion is necessarily somewhat slow, but his hours are regular and certainly not unduly long, though I am not forgetting that special times and circumstances call for late work and extra labours. But he is personally exempt from the severe risks of business, and no part of losses falls to his share. He has practical "fixity of tenure," and, almost universally now, a pension at the close of his career. There are many openings awaiting those who prove themselves worthy of promotion, and there is no clerk who may not aspire eventually to attain the blue riband of banking in the general managership of his bank, provided he shows the diligence, the shrewdness, and the level-headedness necessary to mark him out for that responsible office. I believe it is the experience of all the managements of the great business firms and industrial companies of our time that one of the greatest difficulties is in finding suitable men for their highest posts. This Institute, I am glad to testify, has done very much to foster and encourage the systematic study of banking both in London and the provinces, and its efforts have been largely seconded by the banks, who, in many cases, vote rewards in acknowledgment of success in the Institute's examinations. I should like, then, to impress upon all members of our staffs the necessity, if success is to be won, of *real* interest in the day's work. I have said that promotion is apt to be slow, but I am sure it is certain to any young man with the grit to persevere and an intelligent understanding of what passes before his eyes. Every cheque and bill carries a meaning, not always, of course, discoverable or worth discovering, but often very much so, and no clerk, however unimportant his work may seem to him to be, but can help his manager and the interests of his bank by good work and watchfulness. These requirements are, after all, not much to ask from *every* member of our staffs, and I assure you they bring their own reward. Banking is one of the most engrossing of occupations, and an interest in one's work is ever the surest way of making it not only profitable, but pleasant in the doing.

The number of candidates for the Examinations held this year has been again greatly in excess of the previous record, 2,210, as against 1,916 last year. Of this number, 467 completed the Preliminary Examination, and 181 gained the Certificate of the Institute, by passing the Final Examination. The reports of the examiners are on the whole satisfactory, but I wish to draw attention to one extract from the report of the examiner in Practical Banking, to the effect that a large proportion of the candidates are unable to write a simple business letter without unnecessary circumlocution on the one hand, or slovenly curtness on the other. The Council have, for some years past, laid particular stress upon the necessity for candidates being able to write a business letter which shall be concise and without ambiguity and, at the same time, shall display a due regard to the rules of English grammar. It is to the interest of all bank officials who are ambitious of rising in their profession to be able to express themselves satisfactorily in a business letter, and I have no hesitation in saying that many a man in a responsible position owes his appointment to a large extent to proficiency in this respect. Before leaving the subject of the examinations a word of thanks is due to the Institutes at Manchester and Liverpool, and the bank managers and officials who have rendered us such valuable assistance in the conduct of the examinations at the two hundred and ninety odd provincial centres.

LIBRARY.

I have a few words to add about our library. The Council have authorised the expenditure of a considerable sum in adding new books, more especially works of a legal character bearing upon the business of banking, and in bringing the whole library up to date and complete in all directions. We have now upwards of 5,000 volumes on Banking, Economics, and Commercial Law, most of which can be borrowed by our members, and our Secretary is engaged upon the preparation of a new catalogue, which will be issued as soon as circumstances permit, and of which due notice will be given in the *Journal*.

BANKING COMPETITION.

I cannot again emphasise too strongly the undesirability of suicidal competition. Carried to the extent to which it is in some parts of the country, it can only result in a general reduction of dividends, besides having a far more serious effect, as tending to encourage both unsound banking and unsound trading. When a bank offers $\frac{1}{2}$ or even, as I have known in the last six months, 1 per cent. above Bank of England Discount Rate for deposits, it can only utilise that money at a paper profit by locking it up in overdrawn accounts, in many cases on nominal security, or no

security at all. Borrowers, as we all know, are not difficult to find. The commercial supremacy of Great Britain, which I trust is not even yet a thing of the past, is in no small degree owing to the fact that by means of our extended banking system, the whole annual savings of the country are available to encourage and foster trade. Still, they should not be used to enable men of straw to undersell the legitimate trader. Further, I am of opinion that the indiscriminate opening of new branches in places already amply banked must bring its own punishment. The cost of a new branch in a country town started on the most *modest* lines is, as many of us know, not less than £1,000 per annum, and, of course, this is much exceeded in places of any magnitude, where rents are higher. If, as I premise, the district is fully provided with banks of high standing, what business can the new comer expect to obtain, except what the other banks have refused, or wish to get rid of, for the conservative instinct with respect to their bankers is a very strong one with most people. I read an article in one of the leading financial daily papers about a month ago advocating an agreement amongst the chief banks to map out the country into districts, each having its own particular sphere of interest. This, as we are at present constituted, is rather, I think, a counsel of perfection, still, the principle is a sound one, and if we could all begin *de novo*, might possibly have been adopted with advantage.

I further saw it stated in another of the financial papers—a very significant comment from such a source—that the price of bank shares had fallen in consequence of a feeling that severe competition amongst bankers would result in decreased earnings.

What should emphasise my warning against the folly of such reckless cutting of rates is that not only have we to consider the form of competition which I have just mentioned, but we are face to face with serious competition for the deposits of the public by municipalities and other bodies, who are freed from the responsibility of keeping a large reserve of idle money, or money earning very slight interest, and can therefore offer terms which we bankers cannot afford to do.

ENDORSEMENT OF DIVIDEND WARRANTS.

There is a matter of detail that has been suggested to me as worth mentioning for your consideration. As you all have experienced to your great inconvenience, we are receiving in our busiest times in January and July a multitude of dividend and interest warrants for the credit of our customers. These are made payable to our order, and require separate endorsement. So far as safety requires, this is quite as it should be, but it might be possible to ensure safety and yet dispense with the labour of endorsing each item in our respective "charges." Possibly our crossings, together with a covering letter as between bank and bank, might make this

unnecessary, but I do not wish to recommend any special remedy, but rather to suggest the advisability of some simpler system for your consideration. If some such simplification were thought advisable and practicable, it might be tried in London in the first instance, and extended to the country later on.

LEGISLATION DURING THE PAST YEAR.

Last year I had a melancholy tale to unfold when I dealt with the course of the Bills of Exchange Act Amendment Bill, and this year, I am sorry to say, the record is equally unsatisfactory. For the third year in succession the Central Association of Bankers have done everything which it was possible to do in order that this simple and short measure should become law, and for the third time the Bill, notwithstanding that it was introduced by the Lord Chancellor, has been dropped in the House of Commons because the Government were unable to find time to discuss it. We, as bankers, cannot but feel acute disappointment at this result, and the failure to give us the protection which it is in all quarters admitted we are justified in asking.

The danger to which we are subject is a real one, and I strongly maintain that the risk is an unfair one. A letter from a German banker recently came before me, in which the writer stated that legislation was contemplated in Germany and Austria with a view to encourage deposit banking and the use of cheques. Germans realise that their country is losing money owing to the tenacity with which many people still cling to the habit of keeping their cash in a box at home, instead of at the bank. The paper currency consists almost entirely of notes, and many bankers wish to stimulate the habit of banking by encouraging the further use of cheques. A section of the banking community in Germany is, however, offering considerable opposition to the scheme because of the risk of forgery. I mention this to you because it throws some light on what is a legitimate banker's risk. English bankers cheerfully undertake the risk of paying a cheque on which their own customer's signature is forged. They can, to a certain extent, protect themselves by care and vigilance. But, as the law stands at present, it seems that a banker collecting a cheque for a customer is liable to the true owner if the customer has no title, unless the banker collects the proceeds before crediting his customer, which is practically impossible in the majority of cases, and would, as I pointed out last year, virtually paralyse the business of the whole country. This is a risk against which the banker cannot protect himself. Crossed cheques must be presented by a banker. It is a duty which the law imposes upon bankers for the protection of the public, and Section 82 of the Bills of Exchange Act has not only always been regarded

as evidence that bankers should be protected against the risk involved, but was, I believe, drawn by the framers of the Act with that very intent. The decision in the Gordon case, however, dispelled this illusion. The suggestion that we should carry everything to a suspense account is quite impracticable. Business would come to a standstill, and all that is left for us is to take the risk—under protest—until such time as the House of Commons may be able for a couple of hours to cease from party recriminations, and to give their attention to a matter of the first importance, not merely to bankers, but the community generally.

That we are not asking for any undue protection is, I think, evident from the fact that the Legislature of the Colony of Victoria last year passed an Act drawn in almost identical terms with our Amendment Bill. All that we bankers ask is, that the law as to the collection of crossed cheques shall be what it was generally supposed to be, both in banking and legal circles, *prior* to 1903. If anyone who, through his own carelessness, loses a cheque, is enabled to recover the amount from the banker collecting it for a customer, I think a premium is thereby placed upon negligence in business, and I think that we as a class suffer from this quite enough as it is. For example, if our customer accidentally destroys a bank-note and wants to obtain the money, he comes to his banker for an indemnity, and so on in many other cases with which you are all familiar. The banker has to take all the risk and gets no return.

LEGAL DECISIONS.

To come now to the Legal Decisions. I think you will all agree with me that the most important of these is the final hearing of the "*Mayor and Corporation of Sheffield v. Barclay and others*" in the House of Lords. I do not pretend to criticise the law as laid down in this case in the House of Lords; I have not the slightest doubt that it is very good law, but I really must dissent from some of the *dicta* pronounced by both the Lord Chancellor and Lord Davey as to the powers and duties of bankers. A banker forwards to a company a transfer deed purporting to be executed by certain individuals in favour of the banker or his nominees with the usual request, or "demand," as the Lord Chancellor styles it, for registration in the transferees' names. The transfer is duly registered and a new certificate issued. It afterwards transpires that the transfer deed was a forgery, and, the forger being out of reach, it follows that some innocent party must suffer loss. The company, having issued a certificate, are estopped from denying a good title to the holder of the certificate, they therefore claim against the bank on the ground that the latter caused them to act upon a forged transfer. Now the arguments used in the report of the decision which fixed the responsibility

on the banker, take it for granted throughout that the company registered the transfer because they were requested to do so by the bank. "The bank demand," says Lord Halsbury, "that the stock shall be registered in their name, and the Corporation, by acting on this demand, have incurred considerable loss." Lord Davey speaks in similar terms:—"The appellants acted upon this request, and granted a new certificate to the respondent Barclay."

Now it seems plain to me that the company do not act upon the request from the bankers at all, but upon the transfer deed. The request is a mere formality, and no company would think of acting upon it unless it were accompanied by a deed of transfer. The company is acquainted, or, at all events, it is in possession of the means of acquainting itself with the signatures of the registered owners of the stock, and unless the signature on the transfer bore a *prima facie* resemblance to the specimen in their possession, I do not think any company would act on a banker's "request." If a banker pays a cheque upon which the signature of the drawer is forged, he must bear the loss. The Lord Chancellor says:—"The corporation is simply ministerial in registering a valid transfer. They cannot refuse to register . . . they have no machinery, and cannot enquire into the transaction out of which the transfer arises." It would seem, however, that a company in acting upon a transfer deed is in just as favourable a position as a banker paying a cheque, and the banker is equally ignorant of the transaction out of which the cheque arose, and equally unable to make enquiries.

Before leaving the subject, I must add that there are a few crumbs of comfort to be picked up from this decision. Many of us have to register transfers of the shares of our own banks, and we are relieved to a great extent of our liability in such cases. But beyond this, many bankers act as agents for various companies and other bodies, and register transfers of inscribed stock. If the company itself is relieved from liability in registering a forged transfer at the request of another party, it seems plain that a banker acting as the agent of the company is relieved to the same extent.

Another point of interest was decided in the case of "*In re Tas-ker*." There, a company issued debentures partly in the ordinary way to outside holders, and partly as security for a loan. The loan was repaid, the covering debentures handed back to the company and subsequently re-issued by the company to outside holders. One would have supposed that this was a perfectly regular and proper course for the company to adopt, and that in any case innocent holders of such re-issued debentures—ignorant as they must have almost necessarily been of what had taken place previous to their purchasing the debentures—would be in as strong a position as any

other holder of any other part of the same issue. Yet the Court of Appeal has determined otherwise, and it seems to follow that no holder of a debenture can know if his particular holding is, or is not, to take second place unless he is able to trace the entire history of his security—which is manifestly impossible. And as no investor is secure, no banker who lends upon his customer's security is safe unless his customer is strong enough financially to bear the loss. There are further and graver dangers disclosed by this decision that will at once occur to you, and indeed the extraordinary results of such a judgment are so far-reaching that it behoves us, I think, to press for legislation. Though, again, in this instance, as in the previous one, the stock exchanges are even more interested than the bankers, our own position is so unsatisfactory that we should, in my judgment, join forces to effect an amendment of the law.

The decision in the third case is as satisfactory as the preceding two are disappointing. I refer to "*In re Hamilton, Young & Co.*" This is a less well known case, and you may care to have the facts recalled briefly. The National Bank of India made advances from time to time to a Manchester firm, Hamilton, Young & Co., to enable the firm to purchase goods to be shipped to the East. These goods seem to have been grey cloth. But after the purchase of the grey cloth, it required to be bleached or dyed, and was sent on by the firm to the bleachers and dyers. Hamilton, Young & Co., in taking loans, gave a lien over the cloth to the bank, detailing in their letter of pledge the particulars of the goods, and to whom they had been sent to bleach, and showing the bleachers' receipts for the specified goods. Hamilton, Young & Co. failed, and the trustee in the bankruptcy questioned as to whether the National Bank of India were secured creditors in regard to the goods under the letter of lien, contending that the latter came under the definition of a Bill of Sale, and should therefore have been registered. As you know, the boundary lines of the Bills of Sale Act are not very easy to define, and it is highly satisfactory, therefore, that in Mr. Justice Cozens-Hardy's concurrence in the judgment by the Court of Appeal in favour of the National Bank of India, he lays it down broadly that "the general policy of the Bills of Sale Act was not to interfere with ordinary business transactions." The parting with the goods to bleachers and others might have been held to invalidate the lien, and it is well to have it decided that this is not so. No doubt this decision affects general banking in a much less degree than the two others I have mentioned. But we are all to some extent interested in hypothecation loans, and, what is especially gratifying, is that here, at least, the equity of the matter seems to be insisted upon as against minor objections on minute technical issues.

THE CLEARING HOUSE RETURNS.

A few remarks about the Clearing House and its Returns for the ten months of the present year will, I think, be interesting. They are a direct index of the amount of work with which bankers have had to cope, and indirectly they afford the means of estimating the volume of the country's trade. I say indirectly, because there is not of necessity a direct relation between the total of the clearing returns and the commercial prosperity of the country. Before we can draw any reliable conclusions, we must consider, and so far as possible eliminate, certain factors contributing to the total which do not arise from our trade relations.

But before considering the figures, I should like to point out a fact, which I daresay is not generally known to the rising generation, that the Country Clearing was only established in 1858. I fancy at that time a country cheque was looked at askance in London, and country banks threatened that if some arrangement was not made for dealing with them they would start a clearing house of their own; so that the "*Country Cheque Clearing*" was instituted, and the men engaged in it used to use the Clearing House for two hours in the middle of the day, when it was not wanted for other purposes, *i.e.*, luncheon interval. Each bank seems to have been represented by one clerk only, and a "charge" of one hundred cheques was looked upon as very large. The idea caught on immediately, and a bank that sent one man, soon had to employ eight, and that bank at present employs thirty men on the Clearing work alone. The expansion of this class of work has made it now only possible to deal with by the use of machines, and the provision of separate rooms; so that the Country Clearing is no longer the Cinderella of the Clearings—as Mr. Tritton once put it—but has reached the position of elder sister. The number of cheques dealt with is infinitely larger than that of the Town Clearing, but the average amount much smaller. And as the Town Clearing represents in a great measure finance, so the Country Clearing more truly represents the trade of the country, particularly as of late years the provincial cheque has, in great measure, superseded payment by bills. And if the figures had always been kept separate, they would have formed a valuable barometer of the state of trade. Since 1902 this course has been adopted, and it will be most useful in the future. I may remark, in passing, that if the Treasury had consulted anyone who was acquainted with Country as well as London banking, the unfortunate idea of endeavouring to impose a twopenny stamp on cheques—which would have been a most serious handicap to trade—would not have been entertained for one minute.

At first glance the Clearing House totals show a most satisfactory advance on previous years. The total of the Town and Country

Clearing up to October 28th is £10,093,701,000, as against £8,593,861,000 for the corresponding period of last year, showing an increase of nearly 18 per cent., which I am informed is the highest rate of increase recorded during the recent history of the Clearing House. I may add that this increase of £1,499,840,000 is more than equal to the total returns for five months of the year 1868, the first year in which the Returns were published. The increase in the Town Clearing figures is £1,467,041,000, amounting to about 19 per cent., while that of the Country Clearing is £32,799,000, or an increase of over 4 per cent.

The first question that suggests itself is how far these totals are swollen by the transactions consequent on the flotation of the Japanese Government Loan, and any other similar issues. Large though these may be, I do not think they are larger than the average of the preceding four years, and as we are comparing the totals of this year with those for last year, we can, I think, afford to disregard their effect. When we look at the increase in the returns on Stock Exchange settling days, we find, however, that it is very large, £504,734,000, or over 41 per cent. If we allow for this, as also for an increase of £39,344,000 on Consols settling days, we find our total increase reduced to £955,762,000, or about 11 per cent. This is a satisfactory rate of increase, but if we wish to discover how much of it is due to improved trade conditions, I think we shall have to make a still further reduction. It is the opinion of many competent observers that market borrowings for short periods have been on the increase of recent years. Money is turned over more quickly in Lombard Street, and consequently the number of transactions, and the volume of figures during any stated period is very considerably affected.

However, if we turn to the figures for the Country Clearing, which are hardly affected at all by money market operations, we obtain ample confirmation of my conclusion that the Returns do show a real improvement in trade conditions. Part of the increase of £32,799,000 must be ascribed to the closing of the Newcastle and District Clearing Association, the work of which has, since May 27th, fallen upon the London Clearing House, but even when we deduct this £8,000,000, we find the Country Clearing shows an increase of about 3 per cent., as against a slight decrease recorded last year. The significance of this increase is, I think, heightened by the fact that the total clearings on "fourths of the months" show an increase of £54,205,000, or about 15 per cent. The fourth of the month is of greatly less importance than it once was, but it still affords a clue to the condition of some important trades. I may further add that the returns of the provincial clearing houses at Manchester, Liverpool, Birmingham, and Bristol all show increases over the corresponding totals of last year.

THE PRICE OF CONSOLS.

It is a matter of deep regret that there has not been a greater recovery in the price of Consols and other gilt-edged securities, which, having regard to the cheapness of money during seven or eight months of the past year, we had every reason to expect; but until the Sinking Fund is increased, and has become really effective—which at present it certainly is not—this end cannot be attained. It is no use the Government paying off with one hand whilst it is borrowing to a larger extent for military and naval expenses with the other. Further, there are fresh issues of Irish Land Stock looming from time to time on the market, as well as many issues of municipalities, and of new capital required for our railways and other undertakings, which we know are only waiting for favourable opportunities to be brought out. Is it likely, then, that under these conditions, our national finance can be put on a proper basis, and the credit of the country raised to the point at which it should stand? Economy is necessary, and must be practised on all sides. There is no doubt that the personal extravagance of these latter days has also tended in a degree to depreciate the price of first-class securities, because many people find that under the enhanced cost of present luxurious living, the income derived from gilt-edged stocks will not suffice for their current expenses, and so they are tempted to realise these, and invest in inferior ones, which yield a higher rate of interest.

Although I advocate economy, I also appreciate the fact that our great possessions and great wealth should be properly guarded by an army and navy capable of keeping them safe from any hostile attacks—in this we have much to learn from our friends and allies in Japan—still, I think it should be possible to provide for our security without the expenditure of £65,000,000 per annum, an amount which is greater than any Continental country spends on its defensive forces.

None of us will grudge any sum that is voted for our Navy—on which our very existence depends; we all hope and believe that we have full value under this head; but it does appear to the ordinary business man that we should have both a larger and more effective Army, when we vote more money for it than either Germany, France, or Russia spend on their enormous forces, even allowing for the fact that conscription is not in vogue in this country as it is in theirs. This is not a matter of party politics, but one which affects most deeply the whole of the commercial community, and, therefore, no part of it more than the bankers of the country.

SAVINGS BANK DEPARTMENTS.

Two or three joint stock banks have, during the past year, struck out a new line in the shape of adding a savings bank de-

partment to their ordinary business. We shall watch with interest the result of this new departure. It must of necessity add a great deal to their clerical work, and probably, therefore, entail an additional number of clerks, and, consequently, increase considerably the working expenses of their establishments. Whether the profit made on these deposits will be sufficient to provide a margin on this increased expenditure time only will show. We fortunately have not had a panic or a real run on banks, except in the case of the City of Glasgow Bank, which practically was confined to itself, for nearly forty years. But I cannot help thinking that if such an untoward event should by chance arise, and we must never shut our eyes to its possibility, these small depositors will prove a source of danger. They naturally cannot understand balance-sheets or discriminate between the strength and weakness of individual institutions. Five hundred people clamouring round a bank counter and wishing to withdraw, say £20 apiece, or £10,000 in all, would be a far more serious thing, for we know a panic feeds on itself, and grows in geometrical progression—than the withdrawal or transfer of £200,000 or £300,000 by the ordinary customers. This was one of the great objections to a note issue, which was the first point of attack when the public mind became uneasy regarding the stability of any particular bank, though, in the old days, it had its use as perhaps the only means of advertisement. These points, no doubt, have been fully considered by the boards of the banks in question, and, of course, it is a case where there is room for a wide divergence of opinion as to its policy.

THE COMMERCIAL OUTLOOK.

To turn to another subject, I am glad to say that the prospects for the future are distinctly encouraging, both for our home and foreign trade. We bankers should, I think, be among the first to congratulate ourselves on the outlook, for it is undeniable that banking and trade go hand in hand, and that improving trade means more prosperous times for ourselves.

To take our home trade first: the railway traffic returns are beginning to show an encouraging increase, the iron trade in the Midlands and the North also shows every sign of a strong revival, Lancashire is exceedingly prosperous, and money is being spent more freely in London and the large towns. We are still troubled with the problem of the unemployed, a problem which has several times recently promised to become acute, but though I would not wish to minimise for an instant the gravity of the problem, I do not myself think that there is now such a direct relation between our industrial prosperity and the state of the labour market, as was formerly the case. The unemployed question has become a social question. It is now a common occurrence to find a scarcity of skilled workmen in

particular trades, and yet co-existing with this scarcity, a mass of unemployed which are for the particular purpose in hand quite worthless. I cannot go into the question here, it is not a question in which we, as bankers, are directly interested. What I wished to point out was, that the existence of a large body of unemployed may be quite consistent with prosperous industrial conditions.

It is a pleasure to notice the great prosperity of our foreign trade, which, in spite of the jeremiads we have been accustomed to hear for the last eighteen months or more, has been steadily improving during the past few years, and with the improved political outlook throughout the world, we may expect a still further expansion. The imports for the first nine months of the year show an increase of £12,044,000, or 3 per cent. over the corresponding nine months last year. And still more satisfactory is the increase of our exports, which are £21,206,000, or 9.6 per cent. in excess of the corresponding period last year. And what is even a greater matter for congratulation is that this increase in our exports is almost entirely in manufactured articles. The increase in cotton piece goods has been 14.2 per cent. in quantity, and 12.4 in value: and our woollen manufactures have been sent abroad in largely increased quantities. This increase in textiles is a matter of no great surprise; but what is so satisfactory is that we have sent increased shipments of tin plates to Germany, the Netherlands, and our Colonies, and much more pig-iron to the United States, as well as steel rails to India and South America. The future outlook for trade, as far as one can see, is decidedly hopeful. It is certain that Russia and Japan will require large loans to recuperate the losses entailed by the war, which is now, happily, ended; and it is reasonable to expect that not a small portion of that money will be laid out in this country. And, further, China, under the influence of Japan, will also be in the market, as she seems likely to awake from the apathy in which she has existed for so many centuries past. The conclusion of peace will probably result in a decrease in the demand for stores and munitions, but this should be more than compensated by the stimulus given to trade in other directions. The Anglo-Japanese treaty is a further guarantee of conditions favourable to the expansion of our foreign trade. In the general approval which the treaty in its political aspect has aroused, we are apt to lose sight of the economic advantages which it confers, but the fact that one of its avowed aims is the maintenance of the open door in China should never be lost sight of. China is a country with every physical advantage, and with an enormous and thrifty population, and it offers an almost unlimited field for commercial enterprise. Yet we must remember that, a few years ago, the partition of China among various European Powers was regarded as more than probable, and that this would inevitably have been followed by the

closing of the greater part of it to English commercial enterprise, except under a handicap which would have rendered success almost impossible.

The importance of China as a market is heightened by the fact that, except perhaps in the neighbourhood of the Persian Gulf, our opportunities for opening up fresh markets are not likely to become more favourable in the future. The commercial value of the less civilised portions of the world as markets for the more modern industrial nations, has been fully recognised of late, and with the exception of a very restricted area in Asia, the whole world is now under the direct control, or, at least, within the sphere of influence of the more civilised Powers. The whole of Africa is divided up between European nations; in America, both Central and South, the political *status quo* is preserved by the attitude of the United States as expressed in the Monroe doctrine. In Asia only, and especially in China, are there vast possibilities for trade expansion unhampered to any great extent by preferential tariffs or other benevolent Government intervention. We must expect competition, very severe competition, not only from European nations, but from our new ally, Japan, whose commercial expansion will no doubt be marked by the same thoroughness, the same precision of organisation, which has distinguished her military expansion. The closest observer and most acute student of our friends, the Japanese, tells us in the following passage* of what is before us:—"I have passed the greater part of three days " in the National Exhibition—time barely sufficient to discern the " general character and significance of the display. It is essentially " industrial, but nearly all delightful, notwithstanding, because " of the wondrous application of art to all varieties of production. " Foreign merchants, and keener observers than I, find in it other " and sinister meaning—the most formidable menace to Occidental " trade and industry ever made by the Orient. 'Compared " 'with England,' wrote a correspondent of the *Times*, 'it is " 'farthings for pennies throughout. . . . The story of the " 'Japanese invasion of Lancashire is older than that of the in- " 'vasion of Korea and China. It has been a conquest of peace— " 'a painless process of depletion which is virtually achieved. . . . " 'The Kyoto display is proof of a further immense development " 'of industrial enterprise. . . . A country where labourers' hire " 'is three shillings a week, with all other domestic charges in " 'proportion, must—other things being equal—kill competitors " 'whose expenses are quadruple the Japanese scale.' " But as some offset to this, the greatly heavier burden of Japanese debt, and the necessity of still further large expenditure on Japan's Army and Navy should be taken into account. The annual charge on all this debt will, no doubt, tend to make production dearer.

* "Kokoro." By Lafcadio Hearn.

and so lessen, *pro tanto*, the severity of the competition. And eventually an increased desire for more comfort will further act in the same direction, but this is still a long way ahead.

There is no question that our trade has, in many instances, been hampered in the past by internal legislative enactments, it is to be hoped, therefore, that the revival which now seems imminent will not be throttled by any Government interference, whether it be internal or external. But the steady and real revival in trade, which we trust is now coming, is the time when bankers need to be especially careful. They must remember that the price of all commodities will rise, and, consequently, more capital is required to carry on the same volume of business. They will, therefore, have better and more profitable employment for their money. This is very plain and agreeable sailing as long as the boom lasts, but the pendulum will some day swing the other way, and the margins on which they have advanced money may just as quickly disappear. It is in good times and thriving business that the seeds of most banking bad debts are sown. It is, perhaps, presumptuous in my venturing to offer a word of caution to a body of gentlemen, many of whom are more experienced than myself, but sometimes in this world the plainer and more self-evident an axiom is, the more likely we are to ignore or forget it.

CONCLUSION.

In concluding my address I should like to testify to the great value of this Institute. Naturally, I have had a far better opportunity of judging the work it is doing during the past year, whilst I have had the honour of being your President, than I have ever had before. It certainly has gained in usefulness and strength during the last twelve months, and, without claiming any gift of prophecy—which is always fatal—I think we may look forward to even greater progress in these respects in the future. In its Council it brings the heads of all the big banks in London together once a month to discuss matters of interest in the banking world. Not only are these subjects duly discussed and ventilated in the different shapes which they strike individual minds, but the friendly intercourse is most useful: it often tends to assuage grievances, usually unfounded, which a few words of explanation at once set right. Secondly, it is doing most valuable work—as I have explained in the beginning of my address—in educating and fitting our junior brethren to rise to the top of the tree. Let me again impress on you the advisability, whilst doing the utmost for your individual banks, not to overstep the line of honourable and fair competition. Remember we have the credit of our profession to maintain. A banker in old days stood on a pedestal in the commercial world, almost by himself.

Let nothing be done, even by our most junior members, to sully this reputation, either in their dealings with their customers, or treatment of their friendly rivals. There is room for all of us, and an ample livelihood, as long as we do not play the game of beggar my neighbour. This will assuredly result in reduced dividends if continued. But the evil done by reckless competition will be equally injurious, in the long run, to the public; for anything which, even in a minor degree, tends to shake the confidence in the stability and high standing of our banks, would be a calamity of the first magnitude to the whole commerce and trade of Great Britain.

You may possibly be inclined to consider me a Cassandra, but, believe me, a very slight application of the brake will prevent the coach overpowering the horses if applied at the top of the hill, but when half-way down it will be unavailing.

Let us only pull together, and not be actuated merely by selfish motives, remembering that, in the long run, what is in the interest of one bank, is really in the interest of us all.

VOTE OF THANKS.

MR. FELIX SCHUSTER: Mr. President, it is my privilege to move a most cordial vote of thanks to you on behalf of the Council, and on behalf of this meeting, for your most interesting, thoughtful, and suggestive address. You have once more placed before us in the most concise fashion the various matters of interest that have occurred during the last twelve months. It is not usual on this occasion to have a discussion on the address made by the President, but I believe tradition permits the mover of the vote of thanks to say a few words to express the thoughts that may have occurred to him during the reading of the paper, which may be more or less pertinent to the matter brought before us. In the first place, I should like to thank you, and to thank the Council very cordially for the very great honour conferred upon me in electing me to the position of Chairman of the Council. I am very proud of being able to occupy that position. The work of the Council and the work of the Institute, as you have so ably pointed out, is of the very greatest interest, and, personally, I always take a great delight in being present at the meetings of the Council and to take part in the discussion of the various matters that may be brought before us, or in the solution of those puzzles that ingenious bank managers and other bank officials occasionally place before the Council. I must say that I agree with your remarks about the necessity of expressing thoughts according to the rules of grammar. Sometimes these puzzles are placed before the Council in language which is very difficult to understand, but the Council do their best to solve them. These meetings give us the opportunities you have pointed out for friendly intercourse: for once we are not keen rivals or competitors, but we discuss matters of common interest to the advantage and benefit of every one of us. You have spoken strongly on the question of competition, but not one word of yours, in my opinion, has been too strong. It is a most serious matter. I think you might have—but for the restraint which the publicity of this meeting imposes upon you—you might have expressed yourself more strongly still. We know of the methods which in some cases have been adopted, and we cannot condemn them too strongly; and I would say this, we cannot shelter ourselves behind the acts of our subordinates. Let us remember we are all responsible for the acts of our subordinates, and that the credit of a bank is dependent upon its representatives even in the smallest place in the Kingdom. I confess I cannot conceive the attitude of the public in this matter. Personally, I should be very chary to bring my deposits to a bank that offered me more than the market value of the money, and I should be very reluctant to

move my account to a bank the representative of which condescends to methods which the ordinary tradesman would scorn. As we are on the subject of competition, I might mention the competition of the municipalities, to which you have referred in one part of your paper, and I am almost sorry that you have only touched upon this question from the point of view of the banker, and referred to the municipalities as competitors. We are entitled to look at them as members of the public, and as ratepayers. I have been taken to task before for stating in this room that municipalities now and then go outside of their powers. I have no hesitation in repeating that statement once more. They do not do so willingly, but unconsciously, and without the knowledge of the law; sometimes they overstep what the law permits them to do, and I have known various corporations endeavouring to act beyond the powers that Parliament conferred upon them until they were pulled up by Counsel. The public, the ratepayers, have also a voice in the matter. After all, what is the effect of a floating debt? We have condemned the Government for borrowing too much on Treasury Bills, incurring a large floating debt, and rightly so, because we know the Government now and then, indeed, only recently, have had to pay extraordinarily high rates when these bills have had to be renewed—and they must be renewed when they mature. Well, if that is the position of the Government, what is the position of the small municipalities who borrow on their six months' bills? Supposing a time comes when the market declines to take them. What is their position? What is the position of the ratepayer? Where are they to find the money? Finally, they must come back to the poor banker, and I hope the banker will not be found too accommodating when that condition arises. The same condition applies to these short term loans. When a small municipality borrows money payable on demand they step outside the proper function of a body of that kind, and they incur a risk which it is not prudent for anyone to incur. There are only one or two remarks which suggest themselves to me with regard to the rest of your paper. I am grateful—I cannot say how grateful—to you for your remarks with regard to the staffs of the various banks. I confess, so far as I am concerned, the question regarding the staffs I consider amongst the most important and most delicate and difficult of those which present themselves to the directors of banks. What you have said about the position, about the good work done by the staffs of the various banks, I fully endorse, and I am glad to see you share the view that every member of the staff carries in his pocket a marshal's baton, and that we are all ready to advance him according to the energy, efficiency, and ability that he puts into his work. But, of course, the task is a difficult one, and the directors are dependent more or less upon what we may call their eyes and ears—their managers

and inspectors. One difficulty we have to contend with is the question of seniority, and the question of ill-feeling and jealousy which might possibly arise through promotion being given to a junior member over the heads of others. Well, I have always found, in my experience, that such a feeling, if it ever has existed, is at once removed where the fellow clerks of one who has obtained promotion feel there is no favour shown to anyone, and that the promotion has only been obtained through the particular merit alone of the individual. I feel that fellow clerks are fully alive to recognise special merit. It is only in cases where such merit does not exist that discontent might now and then exist. You have remarked as to the difficulty of finding anyone to write a good letter. I am afraid that remark is very true, and I should add, also, it is almost more difficult to find anyone who writes a good hand. Personally, I attach very great importance to the question of handwriting, even in these days of shorthand and typewriting.

Surely, sir, there is a misprint, or a slip of the pen, on page 526, in your headline, which reads "Legislation during the "past year."

THE PRESIDENT: Absence of legislation.

MR. SCHUSTER: Absence of legislation, certainly. I need say no more than endorse what you have said. It is absolutely clear that the framers of the Act of 1882 want to give us the protection which we are now asking for, and it cannot be put more strongly than that. The various cases which you have mentioned with regard to legal decisions are of the very greatest importance. There was another case, viz., "*Hummel v. Routledge*," which is very much on the lines of the Tasker case, in which a company having purchased their own debentures in the market, it was subsequently held that the company could not re-issue these debentures, and that the re-issue of such debentures was illegal. The point is one of very great importance to all bankers, and, as you have said, to all investors and to the Stock Exchange. I might call attention, in regard to this matter, to the Committee which, as you are aware, has been appointed by the Board of Trade for the consideration of the Companies' Act of 1900, and all other questions with regard to which an amendment of the law with respect to public companies might be considered desirable—a Committee of which I have the honour of being a member. Well, I am quite sure that this Committee will give the very best attention and most serious consideration to any proposal and suggestion that might be made to it by the Institute of Bankers. It should be done shortly if it is thought desirable to do so, because we are about to resume our sittings very soon; but I am sure any suggestion coming from the Institute will receive their best attention.

You wound up your address by the suggestion that you might be looked upon as a Cassandra. I confess that has not been the impression produced upon my mind. I think your tone has been distinctly optimistic. You have given us warnings that when times are more favourable due precautions should be taken. In that, I am sure, we all agree, but, on the whole, I think you share with me and others in this room the feeling that the outlook, on the whole, is very promising and very hopeful. From all parts of the country, as far as my limited experience goes—limited as compared to yours, sir—the outlook is distinctly of a most favourable nature. Slowly, but gradually, the improvement must show itself, not only in the foreign trade, but in the home trade, and the only matter, I am afraid, on which I differ from you, and to which I venture to call attention in your remarks, is the question of employment. Well, sir, this is not a banking matter, but, as you point out, it is more of a social question, a question of population, housing, means of communication; but I cannot agree with your proposition that a large body of unemployed “may be quite consistent with prosperous industrial conditions.” It may be consistent, of course, with prosperous conditions in certain quarters, but I cannot believe that we can rest satisfied with industrial conditions prevailing in this country which do not provide employment for those who are willing and able workers. It is a question again, to my mind, greatly of education. As you have said, the skilled workers are scarce; it is the unskilled labour that is abundant. Well, education I do hope and fully believe, will bring an improvement in that respect. But, to conclude, I agree with you most heartily that the times, the outlook, are most hopeful, and, once more, on behalf of this meeting, I tender you our most cordial thanks.

MR. R. MARTIN HOLLAND: I have very great pleasure in rising to second the very hearty vote of thanks that Mr. Schuster has given to Mr. Phillips for his most able and interesting presidential address. He has touched so fully upon the points that Mr. Phillips has made, as regards the educational side of our Institute, that I do not think there is very much more left for me to say; but I do most heartily wish to endorse what he has said about the competition between bank and bank. It has passed its proper limits, and, as he has very truly said, we must all of us remember that it is those who are at the top who are responsible for the doings of the managers and officials in the more distant places. I should also like to emphasise what he has said about municipal and other competition. I think, at the present time, that is a very grave thing indeed—to see the way these municipalities are piling debt on debt, and leaving us, the great joint stock companies, with so very little representation, and with such small control over the spending of our money.

Mr. Phillips, too, has spoken about the Clearing House. I should like to add to the figures he has given that, for the ten months ending the last day of October, the total of the Clearing has passed that of 1903—the total for the whole of that year—and before this week is out, perhaps, the whole total for the year 1904 will have been exceeded. These figures, after we have made allowance for the qualification that Mr. Phillips has pointed out, point indubitably to the fact that our trade is improving at the present time. And, in speaking about the Clearing House, I should like to pay a tribute of respect to the late Mr. Pocock, formerly the Inspector there, who died last week. He was the second of his family who entered the Clearing House. His father was sub-Inspector there in 1856—I daresay it might be earlier, but my records are vague below that point. He retired in 1863, and then was succeeded in the junior Inspectorship by his son, the late Mr. Pocock. The latter succeeded Mr. Darbyshire as Chief Inspector in 1891, and acted as such up to the date of his retirement in 1900. Such long service, I think, is worthy of being commemorated here. I have only to ask you now to offer your hearty vote of thanks to Mr. Phillips.

THE PRESIDENT (in reply): I am sure I am extremely obliged to Mr. Schuster and to Mr. Martin Holland, to Mr. Schuster for the kind and very flattering way, I may say, in which he has moved this vote of thanks, and to Mr. Martin Holland for seconding it, and the way you have received it. Mr. Schuster said, I think, I had not touched upon municipalities from the ratepaying point of view. I have, more or less, in different speeches I have made, said a great deal about municipalities, and if I were going to dilate at any length upon them to-night, and also, at the same time, bring before you the various features which I thought should be presented in my address, I am very much afraid you would not have much chance of getting home to dinner. I can thoroughly endorse what I have said and Mr. Schuster has emphasised about the general outlook of trade, and, as I stated in my address, I have some opportunities of knowing the state of trade throughout the country. From all sides, the reports I have received are more encouraging than I think have come to my ears for many years. With regard to the point which Mr. Schuster is not quite in agreement with me, namely, about the unemployed, there is no doubt that there are a great many people, both in our own ranks and the working ranks, that would rather be unemployed; therefore, I am afraid there is nothing to be done for them. And, besides, there is the difficulty which I pointed out, that, although there is work, they have not the skill to take advantage of the work that is offering. This, I hope, will be remedied by the better education the whole population are getting. I will not detain you longer, but thank you very much for the kind way you have received my address.

THIRTY-FIFTH ANNUAL REPORT OF THE DEPUTY- MASTER OF THE MINT.

We find the most notable feature of the Mint operations for 1904, so far as ordinary coinage is concerned, in the heavy output of gold coin, which greatly exceeded the average. This is the more worthy of remark because it followed upon another year of almost equally large production. Whilst the mean annual issue for 1894-1903 was £6,362,228, that of 1904 amounted to £11,042,000, and of the two years 1903-1904 to £21,186,000. Large, however, as the issue was of gold coin manufactured at the home Mint, the Branch Mints in Australia more than kept pace with it, producing during the year no less than £11,266,668. All the statistics of the year, in fact, relating to gold are of a remarkable character. The imports and exports of the metal, as shown in the following table, from the circular of Messrs. Mocatta and Goldsmid, were greatly in excess of any recently recorded.

Year.		Gold Imported.		Gold Exported.
1900	... ..	£26,700,000	...	£18,800,000
1901	... ..	20,700,000	...	13,500,000
1902	... ..	20,500,000	...	15,000,000
1903	... ..	28,000,000	...	27,000,000
1904	... ..	33,500,000	...	32,700,000

The world's yield of gold, also, as the Report states on the authority of the *Economist*, amounted to about £71,000,000, and was the greatest on record, about £40,000,000 being produced by the British Empire in the following proportions:—

Australasia	... ..	£17,500,000
Transvaal and Rhodesia	... ..	17,000,000
Canada	... ..	3,300,000
India	... ..	2,300,000

The net addition to the gold currency of the United Kingdom during the year was £9,165,500, an amount arrived at by adding to the issues already mentioned the coin received at the Bank of England from Australia and deducting the value of the coin withdrawn from circulation, as follows:—

Gold Coin issued	... ..	£11,042,000
Received from Australia	... ..	223,500
		<hr/> £11,265,500

Light Coin, withdrawn from circulation under the provisions of the Coinage Act, 1891	... ..	2,100,000
		<hr/> £9,165,500

The thirteen years that have elapsed since the passing of the Coinage Act have seen a total withdrawal of gold coin from circulation to the amount of £48,762,812, and an issue of £97,838,374, resulting in a net addition to the currency of £49,075,562, or an annual average closely approaching to £4,000,000. From the figures supplied to the Deputy-Master by the Bank of England of the number of gold coins received and weighed during the year, with the number "accepted as light," it is possible to judge with tolerable accuracy of the present condition of the circulation. The number of sovereigns weighed was 34,256,271, and of half-sovereigns 15,517,356, the percentage of the former "accepted as light" being 2.89, and of the latter 14.52. This result indicates a somewhat rapid deterioration in the half-sovereigns, although, as the Report states, "it is in accordance with anticipation. It "is due to a considerable percentage, now falling light, of the "coinage of 1892-1893, when unusually large issues were made." The condition of the sovereigns, on the other hand, may be regarded as fairly satisfactory, a smaller percentage of light coins having only twice been recorded since the re-coinage took place. It has always to be borne in mind that although the number of pieces dealt with (just under 50,000,000) would appear to show that a very large proportion of the entire gold currency is passed annually through the Bank's weighing machines, the probability is that a considerable quantity returns more than once to the Bank in the course of the year, and that a somewhat less favourable account of the state of the currency must be given if the coin circulating throughout all parts of the country could alike be tested. The improvement effected by the Coinage Act may be gauged by the fact that in 1892, when it first came into operation, the percentage of value of coins "accepted as light" was 29.49 of the whole number of sovereigns weighed and 69.70 of half-sovereigns. The best points touched were, in the case of the sovereigns, 2.73 per cent. in 1903, and of the half-sovereigns 10.28 per cent. in 1899, proving once again how much more rapidly wear and tear tell on the smaller coin. It is interesting to observe that from 1892 to 1904 inclusive the grand total of pieces weighed at the Bank exceeded 600,000,000, of which 418,500,000 were sovereigns.

Notwithstanding the heavy addition made to the gold currency during the year, the coinage operations of the Mint were not excessive, the number of pieces struck, namely 95,137,437, being considerably smaller than in 1903, when a total of 114,697,720 was recorded. This reduction is partly accounted for by the fact that the Operative Department was hampered by structural alterations and was obliged to entrust the execution of some colonial coinages to the Mint at Birmingham, and is further due to the comparatively small issue of subsidiary currency. The

amount of Imperial silver coin, though slightly larger than in 1903, was only £605,801, including rather over £410,000 for colonial use, the total being about £500,000 short of the annual average of 1894-1903. The issue of bronze coinage was only £77,895, as compared with a ten years' mean of £107,916. The continued contraction in the silver coinage was not unexpected, for the opinion has been frequently expressed in recent years that the supply in the country is redundant, a conclusion more than once echoed in the reports of the Australian Mints and now further confirmed by the remark of the Deputy-Master, that "it is not anticipated any marked increase will occur for some time to come." The contraction, moreover, was in 1904 concurrent with an extraordinary withdrawal of worn silver coin, the amount received from the Bank of England being no less than £630,387 13s. 3d. What this implies in the way of loss to the Mint is manifest from the following brief statement from the Report:—

"The average withdrawals during the previous ten years amounted to £328,397, and during the twenty years 1884-1903, to £279,813, but the Bank stock of worn coin has always been larger than the amount sent to the Mint for recoinage. The total weight of the worn coin withdrawn (£638,837 10s. 9d.) was 2,100,923.55 ozs., equivalent in value at 5s. 6d. per oz. to £577,753 19s. 8d., showing a loss of £61,083 11s. 1d., or 9.56 per cent. If, however, the loss on £20,000 in shillings specially withdrawn for conversion into florins, amounting to 4.15 per cent., is excluded, the percentage would be 9.74."

Inasmuch as the profit of the Mint depends almost entirely on the issue of silver and bronze coinage, in the difference between bullion value and currency value, it is not surprising to find that its operations for 1904 resulted in a balance on the wrong side of the account. For the first time in twenty-two years a loss has to be recorded, of which the amount, viz., £19,580, though certainly small, contrasts unpleasantly with an annual average profit of £492,400 during the ten preceding years.

While touching on the point of a redundancy of silver and bronze money, it may be of interest to quote a paragraph relating to one part of the Empire where a marked deficiency of subsidiary currency had been experienced, and specifying the arrangements made by the Mint authorities in order to meet it.

"In August, 1894," writes the Deputy-Master, "the Treasury authorised the payment of one-half per cent. on the nominal value of silver coin distributed to its inland branches by the Standard Bank of South Africa. At that date there was a scarcity of subsidiary currency in South Africa, and as the coins issued by the South African Republic (Pretoria Mint)

"were not a legal tender in Cape Colony and Natal, the Standard Bank was permitted to receive the commission to cover expenses incurred in connection with the inland transportation of coin required for general circulation. The circumstances which led to this grant having disappeared in 1904, their Lordships decided, after conferring with the Colonial Office, that silver coin, after being introduced at the expense of the Mint as in other colonies, should be circulated in the ordinary course of trade, and the agreement to pay commission to the Standard Bank was brought to a conclusion on the 30th June last. The total nominal value of the coin distributed in Cape Colony and Natal amounted to £929,140, and the commission paid was £4,645 14s."

There are one or two particulars in connection with the issue of bronze coinage which may be worth noticing before we pass from this section of the Deputy-Master's Report. In the first place, it is perhaps not generally known that the method of its distribution differs from that adopted in the case of gold and silver. The latter are mainly distributed through the agency of the Bank of England, gold coin exclusively by this channel, and likewise the greater bulk of the silver coin, though the latter is also delivered direct to the Bank of Ireland and to banks in Scotland when required by them. Of the bronze coin much the greater proportion is furnished direct to applicants either in London or the provinces: in the year under review, for example, only £175 of the total was issued to the Bank of England. Another peculiarity is that owing to the exigencies of various forms of trading, which involve the passing from hand to hand of a large quantity of bronze coin, there is apt to be from time to time a huge accumulation in the coffers of some firms and companies, while there may be no excess in the general circulation. Pence paid for omnibus and tramway fares or used in the automatic machines which have been adopted to so great an extent in recent years for supply of gas, sweetmeats, and so forth, naturally accumulate in a few hands; and in these circumstances it is the practice of the Mint to discontinue its own deliveries and to put applicants in communication with firms or bankers burdened with a surplus. The Deputy-Master takes an opportunity here to correct a widespread delusion that there is an enhanced value, due to extreme scarcity, attaching to pence of some particular years, a delusion which has led some correspondents to offer coins for sale to the Mint at very extraordinary rates, the fact being that no pence are purchased by the Mint at either their nominal or at any fictitious value.

Of the colonial coinage produced at the Royal Mint in 1904 there is little to be remarked of any novelty or exceptional interest. The largest demand has come, as in some former years,

from Hong Kong, which, out of a total of 45,024,000 colonial pieces, absorbed no fewer than 38,350,000, these being silver coins and exclusive of 10,000,000 bronze pieces struck at Birmingham for the same flourishing colony.

An interesting appendix to the Report, giving an account of the regulations prescribed by an Order of Council dated the 10th day of February, 1905, for the East Africa and Uganda Protectorates, may appropriately be referred to here, as showing the method of arranging currency matters in some outlying regions of the Empire, and as containing valuable information with regard to the actual provisions made in this particular case. The more important of these may be stated, in brief summary, as follows :—

(a) A Currency Board is established, consisting of the Treasurer of East Africa and two other officers in the public service of East Africa.

(b) The standard coin adopted is the silver rupee of British India, which is to be legal tender to any amount.

(c) Subsidiary coins are to bear an indication of their value expressed in cents or hundredths of a rupee, and are to be legal tender for the amount of their denomination; in the case of silver coins for a total sum not exceeding five rupees, and of copper or mixed metal coins for a sum not exceeding half a rupee.

(d) The Currency Board are authorised to issue "Currency Notes" of any of the following denominations, namely, 5 rupees, 10 rupees, 20 rupees, 50 rupees, and any multiple of 50. These notes are to be legal tender everywhere in the Protectorate excepting by the Currency Board at their office; a Note Guarantee Fund being formed consisting, beyond any portion invested in securities, of coin to the extent (at first) of two-thirds, and never less than one-half of the total amount of the notes in circulation.

Allusion has already been made above to the great output of gold coin at the Australian Mints, which in each of the three years 1902-1904 exceeded eleven millions. The following are the figures for last year :—

Branch.	Sovereigns.	Half-Sovereigns.	Total.
Sydney ...	£2,986,000	—	£2,986,000
Melbourne	3,743,897	—	3,743,897
Perth ...	4,506,756	£30,015	4,536,771
	<u>£11,236,653</u>	<u>£30,015</u>	<u>£11,266,668</u>

Notwithstanding this enormous issue the new coin reaching the Bank of England direct from Australia tends more and more to

become a vanishing quantity. In 1904 it amounted only to £223,500, which is about 2 per cent. of the total production, and little more than one-tenth of the annual average thus imported during the thirty years 1874-1903. While this does not cover the entire export of gold coin from Australia to the United Kingdom, the total so exported is yet surprisingly small. From New South Wales and Western Australia, for example, which produced between them over £7,500,000, the combined export of sovereigns to the United Kingdom was no more than £307,000. Much the greater proportion of the gold coin struck in the Australian Mints was shipped to India, to which destination Sydney despatched £1,164,000, and Perth £4,155,000. This, too, was in addition to a very considerable quantity of bullion (over £1,500,000 in value) manufactured by the three Mints in the shape of 10-oz. bars of fine gold, which continue to be a favourite form of remittance to the Indian market. With reference to these bars, the Deputy-Master at Perth has addressed a circular letter to the Indian banks, dealing with two points of importance, namely, the standard of fineness required and the method of stamping. The circular suggests, first, that the banks should accept bars of any fineness from .992 to .998, instead of requiring them, as at present, to be ".996 or better, but as near .996 as possible"; and, next, that while the present practice is to issue bars bearing the impression of dies supplied by the different banks, a Mint stamp only should be adopted, with the words "Royal Mint, "Perth Branch" in English and native characters, an alteration which the Deputy-Master considers would have several important advantages, viz. :—

"(a) Bars plainly bearing the stamp of a Branch of the Imperial Mint would in all probability pass from hand to hand more readily than those marked with the name of a private corporation.

"(b) All such bars would bear a similar general appearance, whereas the stamps now used by the different banks vary very greatly in style.

"(c) Australian banks would be able to hold stocks without fear of having them left upon their hands, and would thus be in a better position than they are under existing circumstances to meet the requirements of the Indian market."

At the Mints in Calcutta and Bombay during the year 1903-1904 no necessity arose for the coinage of gold. In fact, an unusually large amount of gold was tendered by the public at the Mints, almost entirely in sovereigns and half-sovereigns, though comprising also a small proportion of bullion from the Indian Mints. The figures of recent years were much exceeded, as the following statement of the value tendered shows :—

Year.		Calcutta. Rs.		Bombay. Rs.
1901-1902	...	20,433,266	...	21,295,525
1902-1903	...	27,326,888	...	32,323,056
1903-1904	...	59,802,862	...	45,739,606

Notwithstanding the fact that no gold coinage was executed, the year 1903-1904 was a time of considerable activity for both Mints, the issue of silver and copper money of many different denominations being exceptionally large. Of rupees alone 65,412,640 were struck at Calcutta and 96,304,916 at Bombay, and of quarter-rupees and one-eighth-rupees there were coined at Calcutta over 21,500,000 pieces. About 4,000,000 British dollars and over 15,000,000 of the new Straits Settlements dollars were manufactured at Bombay, a first consignment of the latter coinage being shipped to Singapore during the year. The Straits Settlements dollar was fully described in our review of the Mint Report for 1903, but it may be repeated here that the coin is of the same weight and fineness as the British dollar. In addition to these large issues, the Calcutta Mint struck about 130,000,000 pieces in copper coinage in a great variety of denominations for use in India, the Straits Settlements, and Ceylon. It need not be added that this vast manufacture of silver and copper money represents an exceedingly profitable year's work, and it may be interesting to note the manner in which the net profit is dealt with. "The receipts" (we quote from the Report) "include Rs. 41,967,700 on account of the gross gain on the rupee and "small silver coinage, and Rs. 295,729 as seignorage on dollar "coinage. According to previous practice, the net profit on the "rupee coinage of the year, although taken as Mint revenue in "the first instance, was subsequently transferred to the credit of "the Gold Reserve Fund. This practice has, however, been "changed from the 1st April, 1904, and the net gain on account "of the rupee coinage is now credited direct to a deposit account, "pending its ultimate transfer to the Gold Reserve Fund."

In turning now to that section of the Report which deals briefly with foreign countries, their year's work in coinage and the changes in their monetary laws, we find little either of novelty or importance if we except the paragraphs concerning Mexico and the United States. A sweeping project of currency reform has been passed into law by the Mexican Government, with the view of "perfecting the monetary system and adapting it to the "economic requirements of the Republic." It will be observed that the project involves the establishment of a gold standard in Mexico. Of the terms of the new law the Deputy-Master provides, in an appendix, a translation in full; the following are its chief provisions:—

Article 1.—The theoretic unit of the monetary system of the United States of Mexico is represented by 75 centigrams of pure gold, and is called the "peso" (dollar).

The silver dollar hitherto coined, containing 24.4388 grams of pure silver, will represent a value legally equivalent to the above-mentioned 75 centigrams of pure gold.

Article 3.—The alloy of the gold coins shall consist of 0.900 of fine gold and 0.100 of copper. That of the silver coins shall be: for the silver dollar, 0.9027 parts of pure silver and 0.0973 parts of copper.

Article 9.—The right of private persons to tender gold and silver bullion to the Mints for coinage is abolished.

Article 11.—Except in the case of necessary recoinage, new silver money will only be coined and issued for the purpose of receiving gold in exchange for it at the rate of 75 centigrams of pure gold per silver dollar. The gold thus obtained can be employed in the purchase of bar silver up to the quantity required for the manufacture of the amount of silver money which has been applied for.

Article 12.—The obligation to issue silver coin in exchange for gold shall cease whenever the value of the silver contained in the said coins may be, in the City of Mexico, greater than the fixed ratio of 75 centigrams of pure gold per silver dollar.

Article 21.—Gold coins of all denominations and silver dollars are of unlimited legal tender. Of the remaining silver coins and those of nickel and bronze, acceptance, in a single payment, can only be enforced up to the amount of 20 dollars for the silver coins and 1 dollar for the nickel and bronze.

In addition to the provisions here specified, authority is given to the Government to issue Decrees regulating any necessary modification of the civil, mercantile, and banking laws affecting "payments in money and in kind," "circulation of the metallic "currency," exchange transactions, and many other points. Amongst these powers the most important are those which enable the Government: (1) To prohibit the importation of Mexican silver dollars into the territory of the Republic; and (2) to authorise the legal circulation, for a limited period, of the gold coinage of other nations, fixing their value in Mexican currency if the ounce of silver (standard) should exceed the value of 28½d. in London.

It is pointed out in the Deputy-Master's Report that the ratio which the terms of the new law thus assign to the Mexican dollar is not an arbitrary one, but is the average value it has maintained for more than ten years. "It is believed by the Mexican Government that the point of legal parity with gold will be "reached automatically as the effect of entirely natural causes "which are not in need of acceleration."

A further detail, comparatively small in importance, but worthy of passing notice, in the foreign section is the issue during the year of the new Servian coinage, to which reference was made in our last year's review. It consisted of silver coinage (in five-dinar, two-dinar, one-dinar, and half-dinar pieces—the dinar being equal to a franc) to the amount of about 3,500,000 francs, along with a subsidiary coinage in nickel and bronze aggregating 650,000 francs in value.

The statistics relating to coinage in the United States for the fiscal year 1903-1904 are of an imposing character, surpassing considerably those of the preceding year, as they, in their turn, had exceeded all previous record. Including coinages for the Philippines, Venezuela, and Costa Rica, the number of pieces struck was 219,353,442. The value of the domestic coinage alone amounted to over two hundred and twenty-eight million dollars, of which two hundred and eight millions were in gold. Even this enormous production does not enable the existing Mints to cope with the demand, especially for the minor coinages; it is expected, however, that with the help of the new Mint just completed at Denver all deficiencies will be made good. Of the foreign gold coin deposited at the United States Mints and Assay Offices it may be noted that a very large quantity, viz., 533,470 standard ounces, was of British manufacture. By a curious coincidence an almost precisely similar amount (about 500,000 ozs.) of American coin was melted for use in our own Mint during the year. The coinage of silver dollars still proceeds on a large scale, 10,101,650 being struck, of which only 834,041 were distributed from the Mints. The total number in circulation on 1st July, 1904, was 73,790,547, whilst there were held in stock in the Treasury 496,481,753.

One more item worthy of remark before passing from the notes of foreign coinages is dealt with in the following paragraph on Portuguese monetary affairs:—

“The exchange value of the milreis has lately been rising, and “it is anticipated that the par value, 53½d., or four and a-half “milreis to the £, may possibly be reached. It will then be a “matter of interest to observe whether, as before the fall in the “value of the milreis, English gold will again come into circulation in Portugal.”

The grand aggregate of the coinages of the world for 1904, as shown in the summary appended to the Report, amounted to £117,366,838, of which the United Kingdom, with India and the colonies, produced £36,749,429, and the United States £47,542,115, or, together, almost three-fourths of the whole.

We have now touched on everything of real consequence or novelty directly bearing on coinage, and may now briefly refer to the interesting and noteworthy information which the Mint

Report always contains concerning either fluctuations in the price of the precious metals, improvements in the methods of assay or manufacture, or the Mint's miscellaneous work apart from the production of metallic money. A few notes on the more important of these points will fitly bring this review to a close. Messrs. Mocatta and Goldsmid report that the silver market was an active one in 1904, and the price unusually steady, varying only between $24\frac{7}{8}$ d. and $28\frac{9}{8}$ d., a difference of $4\frac{1}{8}$ d. In the preceding twelve months the extremes had been $21\frac{1}{8}$ d. and $28\frac{1}{2}$ d. The demand for India was considerable at various times during the year, and, on the outbreak of the Russo-Japanese war, the price rose in view of the possible requirements for the payment of the troops in Manchuria. On the other hand, the price was depressed by heavy speculative sales on the rise and by the selling of Mexican dollars from Manila at their melting value. The following table of monthly variations of the market price of silver in London we print in continuation of those given in former notices of the Mint Report.

Month.	Bullion, per standard oz.
January	$26\frac{7}{8}$ d.
February	$26\frac{3}{8}$
March	$26\frac{1}{8}$
April	25
May	$25\frac{9}{8}$
June	$25\frac{5}{8}$
July	$26\frac{1}{8}$
August	$26\frac{9}{8}$
September	$26\frac{5}{8}$
October	$26\frac{3}{8}$
November	$26\frac{1}{8}$
December	$27\frac{1}{8}$
Average for the year ...	<u><u>$26\frac{3}{8}$</u></u>

Amongst the technical matters dealt with in the Memorandum of the Chemist and Assayer of the Mint there are a few not too difficult for the general reader to appreciate. A continual progress is recorded towards perfection in the methods of assay, and we read of closer and closer approximations from year to year to the exact legal standard of weight and fineness. The mean assay, for example, of the 1,250 pyx pieces taken from the last gold coinage issued from the Mint was 916.66776, showing a variation of only 0.0011 per 1,000. This is a better result than any previously attained. A paragraph of considerable interest describes the process of sampling silver coin for assay. After stating the two methods by which the proportion of fine silver in large

quantities of coin may be determined, namely:—(a) by melting the whole or part of the coin, stirring the molten metal, and dipping out one or more samples; (b) by selecting a large number of sample coins, assaying each separately and taking the mean of the assays—the Assayer goes on to discuss the best method of selecting a part of a silver coin as an assay piece.

“Last year,” he writes, “Lieut.-Col. A. Milne, Assay Master of the Bombay Mint, and Capt. J. J. Bourke, Deputy Assay Master, carried out an investigation on the best method of selecting a part of a silver coin as an assay piece. Silver coins are not uniform in composition throughout, and the assay piece should represent the entire coin. Their results confirm those obtained by Koga and Yamagata at the Imperial Mint, Osaka, in 1890, as far as the sampling of large coins is concerned. The best method is now established as being that of cutting three discs at regular intervals at a distance from the centre of the coin equal to about five-sevenths of the radius. This method has now been in use in this department for over two years for large coins. In the case of coins of moderate size, of which two rows are cut from a fillet, the conditions are different, and a simple but satisfactory method, which has been in use at the Royal Mint for many years, is to take two tangential cuts, or, better still, two sectors, from opposite sides of the coin. This method gives results which are slightly too high, because the surface of the coin is of higher standard than the interior. Col. Milne and Capt. Bourke prefer to punch out a disc from the centre of the coin, a method giving results which are slightly too low, as the proportion of surface would be less than in the entire coin. A comparison of the two methods made during the year gave the following results:—

	Number of Coins.	Mean Assay.	
		Opposite tangential cuts.	Central discs.
Bombay Rupees	42	916.150	916.052
Calcutta Rupees	48	916.223	916.218

“The differences in individual coins were very small. The true mean assay must lie between the two mean assays given, and it is clear that little exception can be taken to either method of sampling when dealing with coins of this standard and size.”

In the important function which the Mint fulfils of testing the fineness of metal used in the manufacture of gold and silver wares of various standards, the Assayer this year reports, as usual, a

perfectly satisfactory result. The total number of ounces manufactured, however, both of silver and gold wares was smaller than in 1903, and, in the case of silver, the decline was the first recorded for many years. The figures are as follows :—

GOLD WARES.

—	1899-1900.	1900-1901.	1901-1902.	1902-1903.	1903-1904.
	OZS.	OZS.	OZS.	OZS.	OZS.
Birmingham	371,433	407,698	364,931	358,437	329,572
Sheffield ...	—	—	—	—	271
Chester ...	164,958	173,631	160,902	167,934	148,883
Total ...	536,391	581,329	525,833	526,371	478,726

SILVER WARES.

—	1899-1900.	1900-1901.	1901-1902.	1902-1903.	1903-1904.
	OZS.	OZS.	OZS.	OZS.	OZS.
Birmingham ...	2,957,679	3,272,950	3,495,151	3,791,474	3,642,920
Sheffield ...	1,252,648	1,307,370	1,422,161	1,512,758	1,469,186
Chester ...	889,953	965,166	1,017,148	900,384	864,152
Total ...	5,100,320	5,545,486	5,934,460	6,204,616	6,016,258

We have still left something undone in this rapid review. We have not attempted to touch upon the section devoted to seals and medals, and shall not now do more than direct the attention of those specially interested in such matters to the full account the present Mint Report contains, accompanied by many beautiful illustrations, of the very excellent work of the engravers, whose task has been so heavy and multifarious in the years that have followed the accession of His Majesty King Edward.

RECENT PARLIAMENTARY REPORTS.

Report of the Inspector-General in Bankruptcy for the year ending December 31st, 1904.

THE following is the usual table, extracted from this Report, showing the total amount of insolvency in England and Wales during the past ten years, under the Bankruptcy Acts, 1883 and 1890:—

	No. of Receiving Orders and Administration Orders (Section 135).	Liabilities as estimated by Debtors.	Assets as Estimated by Debtors.	Estimated Loss to Creditors.
		£	£	£
1895	4,415	6,547,700	2,046,627	5,865,491
1896	4,170	5,919,197	2,339,936	5,139,218
1897	4,038	5,771,557	2,802,602	4,837,356
1898	4,310	6,827,728	2,622,492	5,953,564
1899	4,111	5,925,222	1,937,170	5,279,499
1900	4,410	6,479,315	2,603,238	5,611,569
1901	4,244	6,794,320	3,242,445	5,713,505
1902	4,202	5,569,669	2,770,881	4,646,042
1903	4,236	5,320,967	2,535,432	4,475,423
1904	4,546	6,961,836	2,803,594	6,027,305
Increase during past year	260	1,640,869	268,162	1,551,482
Decrease "	—	—	—	—

It will be observed that both the number of Receiving and Administration Orders and the amount of the loss to creditors, as shown by the total liabilities and assets as estimated by the debtors, is higher than for any of the nine preceding years. The attention of our members may be drawn to the following extract from page 8 of the Report:—

Undischarged Bankrupts.

“ There appears to be a slow but steady decline in the desire of bankrupts to obtain their discharge. Thus, taking three periods of seven years since the Bankruptcy Act, 1883, came into operation, the percentages of applications for discharge to adjudications were 25.0 for the first period, 20.4 for the second period, and 18.8 for the last period. Altogether there have been 89,583 adjudications, and only 19,136 applications for discharge. It must be inferred, therefore, that, after making due allowance for deaths, the population of undis-

“charged bankrupts is rapidly growing, and representations from trade bodies have reached the Department as to the evils arising from this state of things. Persons who knowingly or unknowingly give credit to an undischarged bankrupt are in an unfortunate position. If the bankrupt fails to meet his new liabilities it is useless to force him into bankruptcy again, as any assets that he may have acquired are claimable by the trustee in the former bankruptcy (unless the latter has known of the trading without intervening), and the new creditors can get no dividend until the old creditors have been paid in full. Even creditors who have taken the precaution to obtain security by mortgage of real estate may find that the trustee has prior claims to their own. Again, it is found that undischarged bankrupts change their names or trade in the names of their wives, and thus much uncertainty is introduced into commercial life.”

The Report discusses the remedies which have been suggested in various quarters, and dismisses them all as unlikely to diminish the evil. In the opinion of the Inspector-General more use might be made of the penal enactment in Sec. 31 of the Bankruptcy Act, 1883, which makes it a misdemeanour, punishable as under the Debtors' Act, for an undischarged bankrupt to obtain credit to the extent of £20 and upwards from any person without disclosing his status. If commercial men would take steps to enforce the penalty whenever possible, it is suggested that it would have a deterrent effect in future cases.

Report of the Postmaster-General for the year ending March 31st, 1905.

THE number of postal packets delivered during the year 1904-5 was as follows:—

—	Number.	Increase per cent.	Average Number to each Person.
Letters	2,624,600,000	1·0	61·2
Post Cards	734,500,000	19·7	17·1
Halfpenny Packets	848,700,000	2·8	19·7
Newspapers	179,400,000	2·6	4·2
Parcels	97,231,000	3·0	2·3
Total... ..	4,479,431,000	3·8	104·5

The position of the Post Office Savings Bank on December 31st, 1904, is shown by the following table, extracted from Report:—

	Number of Depositors.	Total Amount to Credit of Depositors.	Average Amount to Credit of each Depositor.	Proportion of Depositors to Population.
		£	£ s. d.	
England and Wales ...	8,777,231	132,575,636	15 2 1	1 in 4
Scotland	431,391	5,911,507	13 14 1	1 in 11
Ireland	465,095	9,852,211	21 3 8	1 in 9
United Kingdom ...	9,673,717	148,339,354	15 6 8	1 in 4½

Finally, in continuation of that given on p. 551 of the *Journal* for last December, we give the usual table showing the number and value of the Postal Orders and Inland Money Orders issued during the last five years:—

—	INLAND MONEY ORDERS.			POSTAL ORDERS.		
	000's omitted.		Average value of each Post Office Order.	000's omitted.		Average value of each Postal Order.
	Number.	Value.		Number.	Value.	
		£	£ s. d.		£	£ s. d.
1900-01	11,376	34,455	2 19 5	85,390	29,882	0 7 0
1901-02	11,892	36,660	3 1 8	90,687	32,725	0 7 2½
1902-03	12,152	38,921	3 4 1	93,268	32,900	0 7 0½
1903-04	11,262	35,430	3 2 11	90,571	34,301	0 7 6½
1904-05	10,697	35,645	3 6 8	91,249	36,663	0 8 0½

The Postmaster-General, referring to the proposed "Cash on Delivery" service in this country, remarks that he has received a large number of representations in favour of the establishment of such a service, but that "the organised opposition on the part of retail traders continued to be so pronounced that I came to the conclusion that it was inadvisable to override such a body of opinion."

The Postmaster-General hopes to make a beginning by instituting a service between Great Britain and her colonies and dependencies.

BANKING IN GREECE.

REFERRING to the remarks on this subject published on page 485 of the November *Journal*, in the Prize Essay for 1904-5, we have been asked to insert the following letter. It is necessary to state that, as periodically announced in the *Journal*, the Council cannot accept any responsibility either in regard to the facts or the opinions of those who contribute to the pages of the *Journal*.

35, Belsize Avenue, Hampstead,

November 21st, 1905.

THE SECRETARY,

Institute of Bankers,

34, Clement's Lane, E.C.

Dear Sir,—

I received, a few days ago, Part viii of Vol. XXVI, of the *Journal* of the Institute, and have just read with interest Mr. Thomas Pendlebury's First Prize Essay on the "Constitution and Methods of the State Banks of Europe, and of the National Banks of the United States, and their Relations with their respective Governments and with other Banks."

I submit that anyone, not specially informed, having read the particulars to which I refer, in regard to note issue, the financial credit of the Government, and the monetary system, would form an incorrect conception of these questions in that country, as they neither represent nor reflect the true aspect of the present situation; and, as the essay has gone forth to the banking world, both in this and foreign countries, as a "Prize Essay," I crave the opportunity of making a few remarks, by way of correcting any wrong impressions that may have been made.

The following expressions are those that I consider are calculated to mislead, as it is to be inferred, from the title of the essay, that the *present* relations of the State Banks of Europe with their respective Governments are those referred to, viz.:—

"Owing to the ever-growing financial difficulties of the Greek Government, the monetary system of the country has become thoroughly demoralised, and since 1885, the notes of all three Banks have been inconvertible forced legal tender."

And—

“Although the Bank (that is, the National Bank of Greece) has been seriously endangered by the utter disorder of the Greek Finance, it is reported locally,” etc.

It is incorrect to say of to-day, that the financial difficulties of Greece are “ever-growing.” The difficulties of Greece to-day are nothing like what they were in the past, and are not greater than those of other struggling communities, who, having escaped oppression and gained their freedom, are slowly and somewhat painfully taking their place in the community of nations; and, at the same time, are honestly seeking to redeem their financial status.

No doubt, at one time, the monetary system was thoroughly demoralised, and the Forced Currency of Bank Notes issued by the privileged banks, partly on account of the State, and partly on their own account, which has existed, off and on, for about thirty years, since 1848, still remains a blot on the country's financial fame; but the very best has been made of the situation, and the country suffers from it the minimum of inconvenience.

In passing, I may mention that the privileged banks receive a small remuneration for the notes they circulate on account of the State; and, they are not required to hold “a reserve including one-third coin and bullion” against their own emissions during the existing Forced Currency, as stated by the author.

Although it may be difficult to obtain unity of idea, and effective action on the question of the Forced Currency, by those who control the issues in Greece, there are not wanting indications that it might readily be dispensed with, were it not for the great loss that it would entail on producers; and the question must come up for settlement very soon, when the only solution will be the adoption of a reformed monetary system, which will re-establish the actual relation between the standard of monetary measure in Greece and that in other countries, on the basis of gold.

It is not improbable that the banks may resume specie payments for their notes before compulsory resumption is provided for by law.

One of these indications is the fall of the premium on gold, gradual for some years, till within a couple of years, but rapid and almost continuous during 1904-1905; so that the rate which, in 1903, was Drs. 40.53 per £ sterling (Drs. 25 per £ sterling being the par), is now about Drs. 29 per £ sterling, or within Drs. 4 of parity. Another is the important growth of the banks' resources, indicating the increased wealth of the country.

I think I have said enough to show that “utter disorder” is not to-day the characteristic of Greek finance, and that Greece is

also recovering, by painstaking effort, from what the author calls her "extreme degeneracy," see p. 452.

Most countries have had to pass through periods of financial anxiety and trial, but there is no country whose present position it would be fair to judge by such episodes in its past. Even England and the Bank of England could not stand the test.

The progress of the country is not downward, but upward, and it has been so for many years.

The credit and confidence which the country lost in 1893, in consequence of its bankruptcy, are now being rapidly restored, by virtue of the late great development of its agricultural, manufacturing, mining, and shipping industries, and consequent increase of its foreign trade, and also by the great improvement in its finances under the management of the International Financial Commission, and by the large influx of foreign capital.

In regard to the statement made in the essay, that the National Bank of Greece shares the privilege of note issue with two other institutions, the Ionian Bank and the Epiro-Thessalian Bank, it was once the fact, but it is no longer so. Six years ago, the Epiro-Thessalian Bank was placed in liquidation, and its privileged circulation transferred to the National Bank, which, although not a State Bank, is entrusted with State Finance. And, by the Greek Law of the 31st March, 1903, the National Bank will, in the year 1920, succeed to the note issue, at present enjoyed by the Ionian Bank; when the note circulation of the country will be concentrated exclusively in their hands, until the end of the year 1930, when their convention with the Government will terminate, but may be renewed.

It is inaccurate to say, applying to late years, that "considerable loans have been made to the State by way of additional issues of notes." Since the establishment of the Control, the issue of notes by the banks on account of the State cannot be increased, and each year a stipulated minimum sum of Drs.2,000,000 must be applied to the reduction of the note-circulation on account of the State, but this may cease with the sanction of the International Financial Commission when the note-issues are reduced to Drs.40,000,000.

The author will thus see that Greece does not remain "the only exception to this centralising process" (see page 452), and that she is rapidly reducing her liabilities in this direction.

I have no authority to speak for the National Bank of Greece, but, as an honoured rival in the banking world, I may add, that if that bank was ever endangered by the "utter disorder" of Greek finance, as the author of the essay says it was, on the authority of the *Bankers' Magazine*, of May, 1902, page 737, that danger has long since given place to security; and that bank remains, as it always has been, as far as my knowledge goes, the

great centre and support of mercantile credit, and of all sound financial developments in Greece; and, having regard to its special and valuable privileges, it is generally acknowledged that it fulfils its public duties with every consideration for the public welfare.

I am, Dear Sir,

Yours faithfully,

F. LARKWORTHY,

Fellow of the Institute of Bankers.

P.S.—If any member of the Institute desires the latest information on the present position of Greece, I refer him to a very valuable work just published, entitled “*La Grèce Actuelle au point de vue Economique et Financier*,” by Monsieur Edmond Théry, Director of the *European Economist* at Paris—a well-known French author on economic and financial questions.

ASSISTANT SECRETARYSHIP.

MR. C. R. M. WORKMAN, who was appointed Assistant Secretary in July last, has found it necessary for domestic reasons to hand in his resignation.

The Council have, therefore, appointed Mr. Stanley Packer, B.A., of Worcester College, Oxford, Student of the Middle Temple, to fill the vacant post.

QUESTIONS ON POINTS OF PRACTICAL INTEREST.

THE Council desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The Council wish, however, to point out that they cannot undertake to answer purely legal questions or to give any opinion on points of law.

The following questions have been received, and answers are appended, which, after careful deliberation, the Council have approved :—

Protest for Non-payment—Conflict of Laws.

QUESTION 2047.—A clean bill is drawn in England by A B at 90 days' sight on C D of Capetown, and is purchased by an African bank. The bank present the bill for acceptance, which C D refuses. The bank has the bill noted for non-acceptance, and holds it for presentation at notarial due date. It is then presented to C D for payment, which he refuses.

Is it necessary to note for non-payment—i.e., is the position of the bank as holder for value, or that of the drawer in any way strengthened thereby?

ANSWER: Section 72 (3) of the Bills of Exchange Act, 1882, says:—"The duties of the holder with respect to presentment for acceptance or payment, and the necessity for, or sufficiency of, a protest or notice of dishonour, or otherwise, are determined by the law of the place where the act is done or the bill is dishonoured." The necessity for noting for non-payment will therefore be determined by Cape Colony law.

Bill due on Saturday—Bank Closed.

QUESTION 2048.—A Jewish firm carrying on the business of bankers in London, closes its office on Saturdays, all cheques being printed with the words "Not open on Saturdays." In case bills domiciled with the firm fall due on Saturday, is the presenting banker justified in holding the bill until Monday?

ANSWER: The bills must be presented and, if necessary, protested on the Saturday on which they mature.

Alteration of Cheque from "Bearer" to "Order."

QUESTION 2049.—In the answer to Question 535, "Questions on Banking Practice," 5th edit., the Council state that "the drawer is the only party to a cheque who can alter its tenor from 'bearer' to 'order.'" In view of the decision in *Atwood v. Griffin* (1826, 2 C. and P., 368), as quoted in Hart, "Law of Banking," p. 369, and Chalmers, "Bills of Exchange," 6th edit., p. 220, the Council are asked to kindly reconsider their decision.

ANSWER: It appears from the above decision that the alteration of a cheque from "bearer" to "order" is not a material alteration, and that the holder can so alter it.

"QUESTIONS ON BANKING PRACTICE," 5TH EDIT., No. 218.

Doubts having been expressed as to the correctness of the Council's answer to the above question, it has been submitted to Sir John Paget for his opinion, a copy of which is appended:—

QUESTION 218.—An undischarged bankrupt presents for payment an open cheque drawn in his favour by a customer of the bank; the trustee has not intervened; what is the bank's position:—

1. Towards its customer.
2. Towards the Trustee in Bankruptcy.

(a) Where it knows of the bankruptcy.

(b) Where it does not know.

And

(c) Where the cheque has been acquired by the bankrupt before the bankruptcy.

(d) Where the cheque has been acquired by the bankrupt after the bankruptcy.

Opinion.

1. (a) If the banker is aware of the bankruptcy. In my opinion he should decline to pay the cheque. In order to charge his customer, the payment must be in good faith, and, according to some authorities, without negligence. To be a payment in due course and a discharge of the cheque, the payment must be in good faith and without notice of defective title in the holder, Bills of Exchange Act, Sec. 59. The banker's duty to obtain such discharge for his customer, and the risk he would run of liability to the trustee appear to me to override the ostensible direction of the customer, who is not to be presumed to know of the bankruptcy.

2. (a) I also think the banker would be liable to the trustee if he paid with such knowledge. The cheque would not be discharged, and as the title is vested in the trustee conversion would lie at his suit.

2. (c) and (d) The banker's position might be slightly different and better if the cheque had been acquired by the bankrupt pending the bankruptcy. I very much doubt, however, whether the payment is a "dealing" for value within the doctrine of "*Cohen v. Mitchell*," 25 Q.B.D., 262. See "*In re Clark*," 1894, 2 Q.B., at p. 404. I do not think the Irish case of "*Re Ball*" (1899), 2 I.R., 313, a reliable authority. Any way the doubt is sufficient to justify the banker in not paying.

1. (b) If the banker is not aware of the bankruptcy. Presumably he pays the cheque. He can charge his customer. The payment is in due course, viz., to the holder in good faith and without notice of defective title. The payee is the holder (see 2), title not being a necessary element in that character. The banker is in no worse position than if he had paid the thief of a bearer cheque, in which case he is protected and can charge the customer. "*Charles v. Blackwall*," 2 C.P.D., 158.

2. (b) He is equally protected against the trustee. I can find nothing in the Bankruptcy Acts strong enough to override Sec. 59 of the Bills of Exchange Act, which, if necessary, must be regarded as an exception in favour of negotiability. It is inconceivable that any public announcement of bankruptcy proceedings should be treated as "notice" to the banker, who has no possible means of identifying the payee or bearer.

If, as I hold is the case, the cheque is discharged and properly paid, neither conversion nor any other form of action will lie against the banker at the suit of the trustee. "*Charles v. Blackwall*," 2 C.P.D., at p. 163.

2. (c) and (d) Here again, an extra argument would be available to the banker, if the cheque were acquired by the bankrupt pending the bankruptcy, but, in this connection, the point seems immaterial.

J. R. PAGET.

4, Paper Buildings, Temple.

October 23rd, 1905.

QUESTION 2036, OCTOBER "*Journal*."

The Council have reconsidered their reply to this question, and the following amended answer has been approved:—

QUESTION 2036.—In the case of a joint account in several

names, with a dormant overdraft, would payments to credit by one of their number keep the debt alive as against the others?

ANSWER: No; unless the payments by one of the parties were made at the request and on behalf of the other parties. Merchandise Law Amendment Act (19 and 20 Vict., cap. 97), Sec. 14. "*In re Tucker*," L.R., 1894, 3 Chancery, p. 429.

BANK AMALGAMATIONS.

THE following amalgamations have been announced during the present year:—

HAMMOND & CO., NEWMARKET, WITH BARCLAY & COMPANY, LTD.—The former bank was established as long ago as 1780, but the amount of its deposits has not been made known to the public. It possessed an authorised note issue of £23,098, which has now lapsed.

HEDGES, WELLS & CO., WALLINGFORD, WITH LLOYDS BANK, LTD.—The Wallingford Bank was another small private bank, possessed of an authorised issue of £17,064. It published no balance-sheet and had no branches.

NOTTINGHAM JOINT STOCK BANK, LTD., WITH THE LONDON CITY AND MIDLAND BANK, LTD.—The former, established in 1865, has a paid-up capital of £200,000, and deposits, on December 31st, 1904, of £2,003,890. It had twenty-eight branches in the Midlands. By the terms of the arrangement between the two banks the capital of the London City and Midland Bank will be increased to £3,142,850, and the reserve fund to the same amount.

GOVERNMENT, CORPORATION AND OTHER LOANS,

Issued from 1st November, 1904, to 31st October, 1905.

Month.	Name.	Amount of Issue.	Rate per cent.	Minimum Price of Issue. Per cent.	Average Price obtained. Per cent.
1904.		£	%	£	£
Nov.	Royal Mail Steam Packet Co.	600,000	5	100	{ With- drawn.
	Savoy Hotel, Ltd.	150,000	5½	97	
	Buckingham County Council	59,300	3½	100	
	Kalgoorlie Electric Tramways, Ltd.	75,000	5	100	
	Mitchells, Ashworth, Stansfield & Co., Ltd.	200,000	5	100	
	*City of Sydney, Cape Breton, Nova Scotia	66,000	4	93	
	Sutton District Water Co.	25,000	4½	120	
	Imperial Japanese Govt.	12,000,000	6	90½	
	Llandudno and Colwyn Bay Electric Traction Co., Ltd.	50,000	5	100	
	Hastings and District Electric Tramways Co., Ltd.	125,000	4½	100	
	Bryant & May, Ltd.	150,000	4	102	
	Quebec and Lake St. John Railway Company	75,000	4	87½	
	Pease & Partners, Ltd. (2nd Mortgage)	100,000	5		
	Southampton Harbour Board	115,000	4	100	
	Metropolitan Railway	750,000	3½	104	
	Cleghorn & Harris, Ltd.	250,000	5	100	
	Southampton Harbour Board	115,000	4	100	
	Isle of Man Railway Co.	80,000	4	106	
	Pettigrew & Stephens, Ltd.	64,000	5	100	
Dec.	New Zealand Government	1,000,000	4	100	
	J. Lyons & Co., Ltd.	125,000	4½	103	
	"Standard" Newspapers, Ltd.	175,000	4½	100	
	Linotype & Machinery, Ltd.	330,215	4½	82	
	Natal	2,000,000	3½	95	
	State of São Paulo	1,000,000	5	94	
	Westralian Estates and Timber Co., Ltd.	25,000	6	100	
	Greek Government	230,000			
	Canadian Bank of Commerce	260,000			
	Mexican Government	8,230,453	4	94	
	Buenos Ayres South-Western Railway, Ltd.	1,580,000	5	92½	
	Woolcombers, Ltd.	325,000	4½	100	
	Worcestershire County Council	100,000	4	100½	
	Buxton Urban District Council	50,000			
	Tottenham and Edmonton Gas Light & Coke Co.	12,500		100	100 8/8
1905.					
Jan.	Irish Guaranteed 2½ per cent. Land Stock	6,000,000	2½	88½	89 8/8
	Rhondda Urban Dist. Council	22,398			Par.
	Mitchells & Butlers, Ltd.	300,000	4	100	

Month.	Name.	Amount of Issue.	Rate per cent.	Minimum Price of Issue. Per cent.	Average Price obtained. Per cent.
1905.		£	%	£	£
Jan.	New South Wales	2,000,000	4	99½	
	Twickenham Urban District	43,000			
	Chilian Government	1,350,000	5	95½	
	East London Corporation, Cape of Good Hope	350,000	4	96½	
	Havana Electricity Co., Ltd.	150,000	5	93	
	State of Bahia	1,000,000	5	91½	
	Mersey Docks & Harbour Board	3,500,000	3½	96½	
	Piccadilly Hotel, Ltd.	600,000	4½	100	
Feb.	City of Bloemfontein	260,000	4	97	
	Newcastle-on-Tyne & Gateshead Gas Co.	50,000		105	105 14/1
	Chinese Government	1,000,000	5	97	
	R. Cundall & Sons, Ltd.	27,000	4½	100	
	Cape Town Corporation	210,000	4	100	
	Baker Street & Waterloo Railway Co.	500,000	4	96	
	Atchison, Topeka, & Santa Fé Railway Co.	10,000,000	4	100	
	Belfast Corporation	1,000,000	3½	98	
	Canadian Northern Rly. Co.	600,000	4	92	
	Cape of Good Hope	2,135,000	3½	98	
	Grand Trunk Pacific Railway Co., "A" Prairie Section	1,646,000	4	99½	
	Grand Trunk Pacific Railway Co., Lake Superior	1,358,000	4	99½	
	Folkestone Corporation	25,000			Par.
	Lagos Government	2,000,000	3½	97	
	Western Valley (Mon.) Sewerage Board	250,000			
Mar.	William Beardmore & Co., Ltd.	500,000	4½	100½	
	Great Northern, Piccadilly & Brompton Railway Co.	1,200,000	4	97	
	West Riding of Yorkshire County Council	100,200		100	
	Charing Cross, Euston & Hampstead Railway Co.	800,000	4	97	
	Klerksdorp Fourteen Streams Railway Co., Ltd.	600,000	5	102	
	Rand Water Board	3,400,000	4	100	
	South Metropolitan Gas Co.	67,300	3	90	90 6/-
	Mashonaland Railway Co., Ltd.	2,560,000	5	96	
	Delagoa Bay Investment Corporation, Ltd.	180,000	6	101	
	Anglo-Portuguese Telephone Co., Ltd.	50,000	5	100	
	Johannesburg Municipality	2,500,000	4	99	
	London County Council	2,500,000	3	95½	97 10/9
	*American Telephone & Telegraph Co.	4,000,000	4	99½	
	Penhalonga Proprietary Mines, Ltd.	137,500	6	100	

Month.	Name.	Amount of Issue.	Rate per cent.	Minimum Price of Issue. Per cent.	Average Price obtained. Per cent.
1905.		£	%	£	£
Mar.	Cammell, Laird & Co., Ltd.	400,000	4½	102½	
	R. White & Sons, Ltd.	100,000	6	100	
	Islington Borough	39,080	3		
	Imperial Paper Mills of Canada, Ltd.	60,000	6	100	
	Canadian Northern Railway Co.	1,923,287	3	95	
	Stourbridge Union	33,803	3½		
	Royal Siamese Government	1,000,000	4½	95½	
	Buenos Ayres Market Co., Ltd.	107,900	6	98½	
	Grand Trunk Pacific Rly. Co.	3,200,000	3		
	Japanese Government	30,000,000	4½	90	
	Star Omnibus Co., Ltd.	75,000	4½	100	
Apr.	India	2,000,000	3	97	97 18/1
	Colne & Trawden Light Railways Co.	36,000	5	100	
	Wigan Corporation	200,000	3½	100	
	Dunderland Iron Ore Co., Ltd.	250,000	6	100	
	†German Imperial Loan	15,000,000	3½	101½	
	Yorkshire (West Riding) Electric Tramways Co., Ltd.	275,000	4½	95	
	*Shawinigan Water & Power Co.	400,000	5	98	
	British Government	10,000,000	2½		98 15/10
	Indian Electric Supply & Traction Co., Ltd.	125,000	6	100	
	Dundee, Broughty Ferry, & Dist. Tramways Co., Ltd.	40,000	5	100	
May	Wisconsin, Minnesota & Pacific Railroad Co.	1,034,000	4	96	
	William Gray & Co., Ltd.	350,000	4½	100	
	Wynberg Municipal Loan	120,000	4	96	
	Cargo Fleet Iron Co., Ltd.	370,000	4½	92	
	Borough of Durban	500,000	4	100	
	Manchester Ship Canal Co.	200,000	3½	92½	
June	Western Australia Govt.	1,400,000	3½	96½	
	Brazilian Government	3,000,000	5	97	
	Newcastle & District Electric Lighting Co., Ltd.	150,000	4½	100	
	British Aluminium Co., Ltd.	300,000	5½	100	
	Newcastle-on-Tyne Corpn.	300,000	3½	99	
	Canada Atlantic Railway Co.	1,025,000	4	99	
	City of Quebec	78,000	3½	93½	
	New Zealand Shipping Co.	100,000	4	94½	
	Oriental Telephone & Electric Co., Ltd.	100,000	4	92	
	Electric Supply Co. of Victoria, Ltd.	160,000	5	100	
	Johnson & Phillips, Ltd.	116,667	5	100	
	Meux's Brewery Co., Ltd.	400,000	6	100	
	South Metropolitan Electric Light & Power Co., Ltd.	51,708	4½	105	
	Pacific Nitrate Co., Ltd.	175,000	6	102	
	Anglo-Chilian Nitrate & Railway Co., Ltd.	160,300	4½	98	

* \$5 = £1.

† M20 = £1. Google

Mouth.	Name.	Amount of Issue.	Rate per cent.	Minimum Price of Issue. Per cent.	Average Price obtained. Per cent.
1905.		£	%	£	£
July	Bristol Corporation	755,000	3½	100	
	United Railways of the Havana & Regla Warehouses, Ltd.	500,000	5	105	
	Hordan Collieries, Ltd.	118,450	5	100	
	Waring & Gillow, Ltd.	300,000	4½	100	
	Northern Counties Electricity Supply Co., Ltd.	100,000	4½	100	
	East India Railway Co.	1,500,000	3	92	
	Rs.				
	India 3½ per cent. Rupee Loan	4,00,00,000	3½		
	£				
	Thames Conservancy	28,000	3		
	John Barran & Sons, Ltd.	67,000	4½	100	
	Newcastle-on-Tyne & Gateshead Gas Co.	60,000	3½	105	
	Natal	1,000,000	3½	97½	
	Hull Corporation	400,000	3½	101	
	Buenos Ayres Lacroze Tramways Co.	300,000	5	100	
	Yates & Thom, Ltd.	130,600	4½	100	
	Ashanti Goldfields Corporation, Ltd.	80,000	7	100	
Aug.	Buenos Aires Port & City Tramways, Ltd.	200,000	6	100	
	Nova Scotia Eastern Railway Co., Ltd.	940,000	5	92½	
	Bombay Electric Supply & Tramways Co., Ltd.	600,000	4½	100	
	Western Canada Cement & Coal Co., Ltd.	225,000	6	100	
Sept.	Somerset County Council	22,000	3½	100	
	Middlesex County	700,000	3	91	
	Newfoundland Government	370,000	3½	96	
Oct.	Japanese & Eastern Corporation, Ltd.	1,000,000	5½	125	
	Cardiff Corporation	608,000	3½	100	
	Cardiff Channel Dry Docks & Pontoon Co., Ltd.	80,000	5	100	
	Ohlsson's Cape Breweries, Ltd.	350,000	4½	100	
	Cordoba Central Buenos Ayres Extension Railway, Ltd.	2,000,000	5	100	
	Croydon Gas Co.	23,177	4	103	
	Tonotopah & Tidewater Railroad Co.	500,000	4½	100	
	Northern Sulphite Mills of Canada, Ltd.	100,000	6	100	
	Barry, Ostlere & Shepherd, Ltd.	200,000	4½	100	
	Municipality of Bello Horizonte	112,500	6	97	
	Sheffield Corporation	500,000			
	Cranston's Tea Rooms (1905), Ltd.	250,000	4	100	

BANKERS' WEEKLY CIRCULATION RETURNS.

*Pursuant to the Act 7 & 8 Victoria, c. 32.**(Extracted from the London Gazette).*

PRIVATE BANKS.

NAME OF BANK.	Author- ised Issue.	AVERAGE AMOUNT.							
		1906. Sept. 2.	1905. Sept. 9.	1905. Sept. 16.	1905. Sept. 23.	1905. Sept. 30.	1905. Oct. 7.	1905. Oct. 14.	1905. Oct. 21.
	£	£	£	£	£	£	£	£	£
Banbury Bank	43,457	4,246	4,238	4,103	3,840	4,345	4,010	4,031	3,755
Bedford Bank.....	34,218	9,641	9,654	9,723	9,657	10,208	10,904	10,431	10,681
Bicester and Oxford- shire Bank	27,080	8,410	8,347	8,680	8,615	8,676	8,642	8,640	8,605
Kington and Radnor- shire Bank	26,050	8,791	8,751	9,979	12,275	13,641	13,429	12,601	12,475
Leeds Old Bank	180,757	28,333	28,235	27,788	27,940	28,839	29,633	28,829	28,145
Llandovery Bank and Llandilo Bank	32,945	6,501	6,789	6,875	6,865	7,061	7,239	7,213	7,536
Naval Bank, Plymouth	27,321	1,739	1,462	1,627	1,783	1,672	1,456	1,421	1,329
Newmarket Bank	23,098	3,048	2,863	2,813	2,823	2,776	2,662	2,533	...
Oxfordshire Witney Bank	11,852	2,890	2,966	2,969	3,402	3,462	3,276	2,996	2,922
Reading Bank—Sim- onds and Co.	37,519	7,468	7,470	7,296	7,250	7,785	8,191	8,045	7,767
Sleaford and Newark Bank	51,615	6,754	6,833	6,949	7,120	7,510	7,960	7,924	7,530
Wallingford Bank	17,064	496	495	477	455	433	...	...	...
Wellington Somerset Bank	6,526	2,466	2,396	2,318	2,293	2,332	2,340	2,383	2,294
West Riding Bank	46,158	10,233	10,424	10,034	9,898	10,365	10,728	10,444	10,322
Worcester Old Bank ...	87,448	10,180	10,532	10,478	10,137	10,445	11,676	10,960	10,324
York and East Riding Bank	53,392	28,603	28,385	29,148	29,767	32,372	33,070	34,630	33,899
TOTALS	656,512	139,799	139,830	141,257	144,130	152,023	155,326	153,001	147,389

JOINT STOCK BANKS.

NAME OF BANK.	Author- ised Issue.	AVERAGE AMOUNT.							
		1905. Sept. 2.	1905. Sept. 9.	1905. Sept. 16.	1905. Sept. 23.	1905. Sept. 30.	1905. Oct. 7.	1905. Oct. 14.	1905. Oct. 21.
	£	£	£	£	£	£	£	£	£
Bank of Whitehaven, Limited	32,681	8 267	8 515	8,377	8,302	8,562	8,772	8,701	9,010
Bradford Banking Com- pany, Limited	49,292	13 175	12,232	11,399	10,961	12,547	13,811	12,185	12,214
Carlisle & Cumberland Banking Co., Limited	25,610	23,478	23,017	22,938	23,363	23,945	24,160	24,126	24,798
Halifax & Huddersfield Union Bkg. Co., Ltd.	44,137	3,432	3,582	3 287	3,236	3,337	3,747	3,915	3,811
Halifax Commercial Banking Co., Limited	13,733	5,478	5 417	5,393	5,349	5,625	6 455	6,187	6,162
Halifax Joint Stock Banking Co., Limited	18,534	6 397	7,457	7,149	7 095	7,209	8,976	7,889	7,780
Lancaster Banking Co., Limited	64,311	33,371	33,992	34,844	36 310	37,738	40,064	41,680	43,220
Lincoln and Lindsey Banking Co., Limited	51,630	23,634	24,037	24,449	25,052	25,343	26 871	27,536	27,343
North and South Wales Bank, Limited	63,951	33,406	35 210	38,717	41,640	43,459	44,134	44,105	43,667
Nottingham & Notts. Banking Co., Limited	29,477	12,753	13 228	13 124	13,045	13,175	15 635	15,457	15,866
Sheffield & Hallamshire Bank, Limited	23,524	2,406	2,419	2,535	2,334	2,829	3,087	2,552	2,343
Sheffield & Rotherham Joint Stock Banking Co., Ltd.	52,496	6 117	5,701	5,715	5,679	6 066	6 050	5,908	5,856
Stamford, Spalding & Boston Bkg. Co., Ltd.	55,721	21,706	22,895	22,215	23,922	25,517	26 941	27,835	27,299
Stuckey's Banking Co., Limited	356,976	77,748	78,565	78,795	78,240	81,523	86,125	83,366	83,820
Wakefield & Barnsley Union Bank, Limited	14,604	2,975	2,863	2,859	2 870	3 055	3 155	3,170	2,947
Whitehaven Joint Stk. Banking Co., Limited	31,916	20,904	20,933	22,388	23,127	23,891	25,031	25,240	24,358
Wilts and Dorset Bkg. Co., Limited	76,162	46,337	47,319	47,332	48,688	50,323	53,365	52,288	50,596
York City and County Banking Co., Limited	94,605	59,146	59 431	59 667	62,994	66,934	70,625	72,204	70,810
TOTALS	1,099,440	400,748	406,863	411,161	422,257	441,083	467,004	466,364	461,935

IRISH AND SCOTCH NOTE CIRCULATION RETURNS.

ACCOUNTS pursuant to the Acts 8 and 9 Vict., caps. 37 and 38, of the amount of BANK NOTES authorised by Law to be issued by the several Banks of Issue in IRELAND and SCOTLAND, and the average amount of Bank Notes in circulation, and of Coin held during the four weeks ended Saturday, the 23rd day of September, 1905.

IRISH BANKS.

Name and Title as set forth in Licence.	Circulation authorised by Certificate.	Average Circulation during four weeks ended as above.			Average amount of Coin held during four weeks ended as above.		
		£5 and upwards.	Under £5.	Total.	Gold.	Silver.	Total.
	£	£	£	£	£	£	£
The Bank of Ireland	3,738,428	1,501,950	859,725	2,361,675	688,915	87,300	776,215
The Prov. Bk. of Ireland, Ltd.	927,667	407,765	278,298	686,063	193,224	32,250	225,474
The Belfast Bkg. Co., Ltd.	281,611	290,394	210,946	501,340	349,389	47,984	397,373
The Northern Bkg. Co., Ltd.	248,440	288,594	223,045	511,639	409,176	52,660	461,836
The Ulster Bank, Ltd.	311,079	511,493	359,718	871,211	649,762	65,392	715,154
The National Bank, Ltd. ...	852,269	706,881	399,965	1,106,846	471,771	160,631	632,402
	6,354,494	3,707,077	2,331,697	6,038,774	2,762,237	446,217	3,208,454

SCOTCH BANKS.

	£	£	£	£	£	£	£
Bank of Scotland	348,418	323,265	768,034	1,091,299	780,357	106,913	887,270
Royal Bank of Scotland	216,451	287,537	685,911	973,448	828,281	99,155	927,436
British Linen Company	488,024	229,742	629,388	859,130	484,222	114,023	598,245
Comercl. Bk. of Scotland, Ltd.	374,880	249,724	698,094	947,818	643,709	73,846	717,555
National Bk. of Scotland, Ltd.	297,024	237,661	601,140	838,801	665,093	82,164	747,257
Union Bk. of Scotland, Ltd.	454,846	304,267	679,918	984,185	625,516	94,506	720,022
Town & County Bank, Ltd.	70,133	155,331	183,488	338,819	281,956	27,800	309,756
North of Scotland Bank, Ltd.	154,319	224,327	274,633	498,960	359,296	24,141	383,437
Clydesdale Bank, Ltd.	274,321	228,240	533,123	761,363	561,597	120,866	682,463
Caledonian Banking Co., Ltd.	53,434	66,248	90,521	156,769	109,581	8,272	117,853
	2,676,350	2,306,342	5,144,250	7,450,592	5,339,608	751,686	6,091,294

IRISH BANKS.

Four weeks ended Saturday, the 21st day of October, 1905.

Name and Title as set forth in Licence.	Circulation authorised by Certificate.	Average Circulation during four weeks ended as above.			Average amount of Coin held during four weeks ended as above.		
		£5 and upwards.	Under £5.	Total.	Gold.	Silver.	Total.
	£	£	£	£	£	£	£
The Bank of Ireland	3,733,428	1,708,300	967,325	2,675,625	681,861	79,184	761,045
The Prov. Bk. of Ireland, Ltd.	927,667	438,750	305,836	744,586	191,085	31,570	222,655
The Belfast Bkg. Co., Ltd.	281,611	321,567	231,945	553,512	360,369	48,366	408,735
The Northern Bkg. Co., Ltd.	248,440	316,760	242,853	559,613	406,676	51,595	458,271
The Ulster Bank, Ltd.	311,079	573,909	401,917	975,826	723,649	63,925	787,574
The National Bank, Ltd. ...	852,269	792,635	432,850	1,225,485	508,564	158,477	667,041
	6,354,494	4,151,921	2,582,726	6,734,647	2,872,204	433,117	3,305,321

SCOTCH BANKS.

	£	£	£	£	£	£	£
Bank of Scotland	348,418	322,350	783,684	1,106,034	803,094	114,138	917,232
Royal Bank of Scotland	216,451	295,740	710,866	1,006,606	850,729	87,236	937,965
British Linen Company	488,024	235,915	644,990	880,905	508,501	116,997	625,498
Comercl. Bk. of Scotland, Ltd.	374,880	254,575	712,846	967,421	667,319	77,525	744,844
National Bk. of Scotland, Ltd.	297,024	238,595	611,818	850,413	671,578	83,930	755,508
Union Bk. of Scotland, Ltd.	454,846	308,269	693,189	1,001,458	666,642	99,793	766,435
Town & County Bank, Ltd.	70,133	140,699	174,792	315,491	257,217	27,658	284,875
North of Scotland Bank, Ltd.	154,319	210,797	265,976	476,773	340,739	21,614	362,353
Clydesdale Bank, Ltd.	274,321	233,852	546,837	780,689	574,100	107,967	682,067
Caledonian Banking Co., Ltd.	53,434	60,536	87,814	148,350	100,371	8,869	109,240
	2,676,350	2,301,328	5,232,812	7,534,140	5,440,290	745,727	6,186,017

BANKS OF ISSUE.—CIRCULATION RETURNS.

ENGLISH BANKS.

	Author- ised Issues.	Average circulation for weeks ending				Average weekly circulation for 4 weeks ending Sept. 23, 1905.	Average weekly circulation corres- ponding period of previous year.	Average weekly circulation below authorised Issue.
		1905. Sept. 2.	1905. Sept. 9.	1905. Sept. 16.	1905. Sept. 23.			
	£	£	£	£	£	£	£	£
16 Private Bks.	656,512	139,799	139,830	141,257	144,130	141,254	160,045	515,258
18 Jt. Stk. Bks.	1,099,440	400,748	406,863	411,161	422,257	410,257	444,889	639,183
34 Total...	1,755,952	540,547	546,693	552,418	566,387	551,511	604,934	1,204,441

	Author- ised Issues.	Average circulation for weeks ending				Average weekly circulation for 4 weeks ending Oct. 21, 1905.	Average weekly circulation corres- ponding period of previous year.	Average weekly circulation below authorised Issue.
		1905. Sept. 30.	1905. Oct. 7.	1905. Oct. 14.	1905. Oct. 21.			
	£	£	£	£	£	£	£	£
16 Private Bks.	656,512	152,022	152,226	153,001	147,309	151,139	170,852	505,373
18 Jt. Stk. Bks.	1,099,440	441,083	467,004	466,364	461,935	459,096	486,386	640,344
34 Total...	1,755,952	593,105	619,330	619,365	609,244	610,235	657,238	1,145,717

IRISH AND SCOTCH BANKS.

	Author- ised Issues.	Average circulation during 4 weeks ending Sept. 23rd, 1905.			Average circulation at corres- ponding period of last year.	Average amount of gold and silver coin held.	Average amount of gold and silver at corres- ponding period of last year.	Comparison of circulation with authorised Issues.
		£5 and upwards.	Under £5.	Total.				
	£	£	£	£	£	£	£	£
6 Irish Banks	6,354,494	3,707,077	2,331,697	6,038,774	6,350,554	3,208,454	3,250,035	— 315,720
10 Scotch Bks.	2,676,350	2,306,342	5,144,250	7,450,592	7,391,985	751,636	6,185,698	+4,774,242
16 Total...	9,030,844	6,013,419	7,475,947	13,489,366	13,742,539	3,960,140	9,435,633	+4,458,522

	Author- ised Issues.	Average circulation during 4 weeks ending Oct. 21st, 1905.			Average circulation at corres- ponding period of last year.	Average amount of gold and silver coin held.	Average amount of gold and silver at corres- ponding period of last year.	Comparison of circulation with authorised Issues.
		£5 and upwards.	Under £5.	Total.				
	£	£	£	£	£	£	£	£
6 Irish Banks	6,354,494	4,151,921	2,582,726	6,734,647	6,957,209	3,305,321	3,610,955	+ 380,153
10 Scotch Bks.	2,676,350	2,301,328	5,232,812	7,534,140	7,508,282	6,186,017	6,546,731	+4,857,790
16 Total	9,030,844	6,453,249	7,815,538	14,268,787	14,465,491	9,491,338	10,157,686	+5,237,943

BANK OF ENGLAND

In £'s sterling, 000 omitted

For the Weeks ending	ISSUE DEPARTMENT.				BANKING DEPARTMENT LIABILITIES.					
	Notes Issued.	Government Debt.	Other Securities.	Gold Coin and Bullion.	Pro- prietors' Capital.	Res.	Public Deposits.	Other Deposits.	1-day & other Bills.	Total
	1	2	3	4	5	6	7	8	9	10
	£	£	£	£	£	£	£	£	£	£
1904—Nov. 2	50,921	11,015	7,435	32,471	14,553	3,162	7,584	39,619	86	65,308
9	50,342	11,015	7,435	31,892	14,553	3,186	6,846	39,517	83	64,489
16	50,034	11,015	7,435	31,584	14,553	3,202	7,174	39,439	115	64,408
23	49,473	11,015	7,435	31,023	14,553	3,213	8,701	38,335	110	64,002
30	49,224	11,015	7,435	30,774	14,553	3,185	8,274	42,153	93	63,865
Dec. 7	48,524	11,015	7,435	30,074	14,553	3,177	7,632	41,145	131	63,640
14	48,054	11,015	7,435	29,604	14,553	3,181	7,926	40,453	113	63,440
21	46,567	11,015	7,435	28,117	14,553	3,191	8,590	39,029	110	63,002
28	46,884	11,015	7,435	28,434	14,553	3,199	9,104	44,321	70	71,000
1905—Jan. 4	47,990	11,015	7,435	29,540	14,553	3,308	12,366	47,441	94	72,700
11	48,830	11,015	7,435	30,380	14,553	3,429	8,515	41,755	86	73,039
18	50,075	11,015	7,435	31,625	14,553	3,449	8,789	42,351	135	73,699
25	51,105	11,015	7,435	32,655	14,553	3,455	8,965	41,395	148	74,113
Feb. 1	52,185	11,015	7,435	33,735	14,553	3,484	7,421	42,641	83	74,359
8	52,455	11,015	7,435	34,005	14,553	3,496	9,459	39,448	120	74,473
15	53,407	11,015	7,435	34,967	14,553	3,514	12,452	38,615	111	74,995
22	55,297	11,015	7,435	36,847	14,553	3,531	16,431	38,612	102	75,382
Mar. 1	55,524	11,015	7,435	37,074	14,553	3,674	15,191	41,558	94	75,500
8	56,260	11,015	7,435	37,810	14,553	3,683	16,619	37,891	124	75,977
15	56,284	11,015	7,435	37,834	14,553	3,696	16,267	44,515	112	76,143
22	56,716	11,015	7,435	38,266	14,553	3,700	17,669	39,497	111	75,330
29	56,178	11,015	7,435	37,728	14,553	3,740	18,274	42,559	89	75,215
Apr. 5	55,221	11,015	7,435	36,771	14,553	3,164	12,797	41,830	106	72,454
12	54,125	11,015	7,435	35,675	14,553	3,143	10,402	41,421	117	69,630
19	52,783	11,015	7,435	34,333	14,553	3,158	10,854	39,002	120	67,687
26	52,405	11,015	7,435	33,955	14,553	8,161	10,649	39,737	72	68,177
May 3	52,085	11,015	7,435	33,635	14,553	3,166	11,879	40,392	96	70,088
10	52,534	11,015	7,435	33,084	14,553	3,171	12,148	38,743	98	68,711
17	53,024	11,015	7,435	34,574	14,553	3,187	10,946	41,622	115	70,422
24	53,992	11,015	7,435	35,542	14,553	3,188	11,682	40,252	116	69,791
31	54,398	11,015	7,435	35,948	14,553	3,124	11,609	41,614	102	71,000
June 7	54,731	11,015	7,435	36,281	14,553	3,136	12,519	41,630	113	71,961
14	54,588	11,015	7,435	36,138	14,553	3,120	13,038	41,064	122	71,890
21	51,413	11,015	7,435	39,963	14,553	3,127	13,762	41,742	95	73,377
28	55,678	11,015	7,435	37,228	14,553	3,136	14,456	44,698	91	76,893
July 5	55,124	11,015	7,435	36,674	14,553	3,343	11,361	49,956	115	79,322
12	54,808	11,015	7,435	36,358	14,553	3,354	9,671	44,449	101	72,122
19	54,937	11,015	7,435	36,487	14,553	3,377	10,757	44,339	106	73,133
26	54,686	11,015	7,435	36,236	14,553	3,833	10,731	43,598	82	72,341
Aug. 2	53,609	11,015	7,435	35,159	14,553	3,414	9,790	43,358	85	71,900
9	53,043	11,015	7,435	34,593	14,553	3,428	9,906	43,096	89	71,007
16	53,233	11,015	7,435	34,783	14,553	3,459	11,688	43,954	72	73,739
23	53,505	11,015	7,435	35,055	14,553	3,476	12,153	43,786	82	74,039
30	53,320	11,015	7,435	34,870	14,553	3,406	12,493	42,471	68	72,999
Sept. 6	52,374	11,015	7,435	33,924	14,553	3,677	11,272	43,572	90	73,166
13	51,919	11,015	7,435	33,469	14,553	3,681	11,689	42,021	93	72,039
20	51,848	11,015	7,435	33,398	14,553	3,693	13,928	41,488	94	73,759
27	51,339	11,015	7,435	32,889	14,553	3,747	14,203	45,169	100	77,777
Oct. 4	48,949	11,015	7,435	30,499	14,553	3,118	12,015	42,258	71	72,011
11	48,207	11,015	7,435	29,757	14,553	3,158	8,492	41,041	107	67,353
18	48,816	11,015	7,435	30,366	14,553	3,173	9,481	40,562	108	67,877
25	48,611	11,015	7,435	30,161	14,553	3,184	13,331	40,072	73	71,211

WEEKLY RETURNS.

thus :—£1,000 = £1,000,000.

BANKING DEPARTMENT ASSETS.					Notes in the hands of the Public.	Reserve.	Proportion of Reserve to Liabilities.	Rate of Discount.	For the Week ending
Government Securities.	Other Securities.	Notes.	Gold and Silver Coin.	Total.	16	17	18	19	
11	12	13	14	15	£	£	%	%	
15,145	25,196	22,672	1,991	65,004	28,249	24,663	52.15	3	2 Nov., 1904.
15,160	24,703	22,408	1,914	64,185	27,934	24,322	52.36	3	9
15,610	24,707	22,348	1,818	64,483	27,686	24,166	51.72	3	16
15,610	25,486	21,983	1,833	64,912	27,490	23,816	50.52	3	23
15,610	29,759	21,113	1,776	68,258	28,111	22,889	45.31	3	30
15,610	28,562	20,655	1,811	66,638	27,869	22,466	45.94	3	7 Dec.
15,610	28,613	20,379	1,624	66,226	27,675	22,003	45.37	3	14
15,610	30,122	18,162	1,579	65,473	28,405	19,741	41.36	3	21
15,610	35,464	18,680	1,493	71,247	28,204	20,173	37.71	3	28
20,410	36,420	19,382	1,550	77,762	28,608	20,932	34.94	3	4 Jan., 1905.
19,408	26,511	20,885	1,534	68,338	27,945	22,419	44.52	3	11
19,408	25,873	22,426	1,570	69,277	27,649	23,996	46.80	3	18
18,408	24,635	23,726	1,747	68,516	27,379	25,473	50.43	3	25
16,308	25,471	24,627	1,776	68,182	27,558	26,403	52.65	3	1 Feb.
15,603	24,428	25,143	1,902	67,076	27,312	27,045	55.16	3	8
15,603	25,347	26,355	1,940	69,245	27,052	28,295	55.29	3	15
15,603	27,309	28,310	2,007	73,229	26,987	30,317	54.98	3	22
15,589	29,629	27,931	1,921	75,070	27,593	29,852	52.52	3	1 Mar.
15,589	26,424	28,917	1,940	72,870	27,343	30,857	56.48	2½	8
15,589	32,424	29,197	1,933	79,143	27,087	31,130	51.12	2½	15
15,589	28,409	29,505	2,027	75,530	27,211	31,532	55.05	2½	22
15,589	33,413	28,187	2,026	79,215	27,991	30,213	49.59	2½	29
15,443	28,572	26,461	1,974	72,450	28,760	28,435	51.95	2½	5 Apr.
15,445	26,676	25,483	2,032	69,636	28,642	27,515	52.97	2½	12
15,496	26,369	23,825	1,997	67,687	28,958	25,822	51.66	2½	19
15,495	27,048	23,761	1,868	68,172	28,644	25,629	50.79	2½	26
15,630	29,548	22,963	1,945	70,086	29,121	24,908	47.65	2½	3 May
15,750	27,361	23,651	1,951	68,713	28,883	25,601	50.21	2½	10
15,750	28,440	24,228	2,006	70,423	28,795	26,234	49.79	2½	17
15,750	26,893	25,139	2,009	69,791	28,852	27,148	52.15	2½	24
15,750	23,416	24,897	1,939	71,002	29,600	26,836	50.32	2½	31
16,171	28,453	25,334	1,993	71,951	29,396	27,327	50.36	2½	7 June
16,171	28,220	25,626	1,980	71,897	28,961	27,605	50.91	2½	14
16,171	28,720	26,490	1,898	73,279	28,922	28,388	51.06	2½	21
16,171	33,396	25,546	1,821	76,934	30,131	27,367	46.19	2½	28
16,752	36,375	24,412	1,788	79,328	30,711	26,200	42.65	2½	5 July
16,752	28,992	24,538	1,846	72,128	30,269	26,383	48.66	2½	12
16,752	29,644	24,948	1,788	73,132	29,989	26,736	48.42	2½	19
16,752	29,109	24,700	1,786	72,347	29,985	26,485	48.67	2½	26
16,752	29,186	23,536	1,726	71,200	30,072	25,261	47.45	2½	2 Aug.
17,070	29,194	23,104	1,704	71,072	29,939	24,808	46.72	2½	9
18,676	29,508	23,746	1,796	73,726	29,486	25,542	45.84	2½	16
18,676	29,204	24,403	1,767	74,050	29,102	26,170	46.71	2½	23
18,676	28,877	23,657	1,781	72,991	29,663	25,438	46.22	2½	30
18,667	29,802	22,925	1,770	73,164	29,449	24,695	44.95	2½	6 Sept.
18,667	28,864	22,717	1,789	72,037	29,202	24,506	45.64	3	13
18,667	30,212	23,043	1,834	73,756	28,805	24,877	44.89	3	20
18,667	35,297	22,068	1,740	77,772	29,271	23,808	40.03	3	27
18,663	32,374	19,176	1,802	72,015	29,773	20,978	38.60	4	4 Oct.
18,513	28,251	18,833	1,754	67,351	29,374	20,587	41.46	4	11
16,658	29,546	19,876	1,797	67,877	28,940	21,673	43.20	4	18
16,648	33,080	19,722	1,763	71,213	28,889	21,485	40.17	4	25

BANK OF FRANCE

In £'s sterling, 000 omitted,

Converting the franc

For the Weeks ending		LIABILITIES.				
		Public Deposits.	Private Deposits.	Notes in Circulation.	Other Items.	Total.
		1	2	3	4	5
		£	£	£	£	£
1904.—Nov.	3	7,514	21,080	177,815	18,220	224,629
	10	7,453	20,657	173,141	15,074	216,325
	17	8,322	21,028	172,045	14,881	216,276
	24	11,400	20,628	170,112	15,077	217,217
Dec.	1	12,023	19,604	174,223	15,117	220,967
	8	8,694	20,647	171,852	14,338	215,531
	15	9,292	19,700	171,807	14,213	215,012
	22	9,775	20,294	170,318	14,010	214,397
	29	9,500	24,177	172,993	16,049	222,719
1905.—Jan.	5	5,420	22,617	180,385	15,668	224,090
	12	4,748	20,578	177,583	16,210	219,119
	19	5,140	20,362	177,318	16,421	219,241
	26	9,052	19,365	174,753	15,374	218,544
Feb.	2	8,089	21,067	178,283	17,810	225,249
	9	7,751	22,528	174,899	15,177	220,355
	16	8,713	24,038	173,653	15,126	221,530
	23	10,213	23,323	172,328	15,384	221,248
Mar.	2	7,010	22,442	175,925	18,387	223,764
	9	5,801	23,243	173,960	15,201	218,205
	16	7,210	21,040	173,502	15,186	216,938
	23	9,134	19,984	171,886	14,635	215,539
	30	9,180	22,192	174,971	14,932	221,275
April	6	6,583	20,494	176,544	15,577	219,198
	13	6,745	31,424	176,036	14,794	228,999
	20	6,974	24,080	176,059	15,567	222,680
	27	9,578	24,325	174,339	17,139	225,381
May	4	6,306	22,153	180,322	18,956	227,737
	11	7,439	22,289	174,977	15,870	220,575
	18	9,100	21,481	173,930	16,030	220,541
	25	11,220	20,936	171,834	15,793	219,783
June	2	9,791	22,285	175,862	16,370	224,308
	8	8,016	21,793	173,800	15,035	218,644
	15	9,107	21,485	173,253	15,252	219,097
	22	10,938	23,501	170,769	14,725	219,933
	29	11,476	26,549	174,227	15,850	228,102
July	6	8,024	25,614	176,140	15,147	224,925
	13	7,941	23,965	175,755	15,279	222,940
	20	8,109	24,984	174,927	15,764	223,784
	27	9,945	27,711	172,422	15,203	225,301
Aug.	3	9,005	24,437	177,107	18,020	228,569
	10	10,376	23,754	172,255	15,062	221,447
	17	11,894	22,914	171,308	15,464	221,580
	24	12,621	24,751	169,591	14,481	221,444
	31	11,997	24,756	177,164	16,071	229,988
Sept.	7	9,703	23,901	174,228	14,672	222,504
	14	11,038	23,544	173,965	14,623	223,170
	21	11,544	23,646	173,525	14,661	223,376
	28	12,960	25,155	175,091	14,544	227,750
Oct.	5	8,333	23,730	181,931	15,208	229,202
	12	9,391	21,320	180,578	15,745	227,034
	19	10,594	23,411	181,268	15,695	230,968
	26	12,905	22,479	179,068	15,352	229,804

WEEKLY RETURNS.

thus :—£1,000=£1,000,000.

at 25 to the £.

ASSETS.						Rate of Discount.	For the Weeks ending
Gold.	Silver.	Bills.	Advances.	Other Items.	Total.		
6	7	8	9	10	11	12	
£	£	£	£	£	£	%	
103,858	43,881	34,453	27,763	14,674	224,629	3	3 Nov., 1904.
104,704	43,981	25,308	27,589	14,743	216,325	3	10
105,879	44,014	25,303	27,222	13,858	216,276	3	17
106,111	44,208	25,421	27,011	14,466	217,217	3	24
106,816	44,194	28,438	27,411	14,108	220,967	3	1 Dec.
106,746	44,195	23,399	27,497	13,694	215,531	3	8
106,601	44,243	23,388	27,088	13,692	215,012	3	15
106,650	44,206	22,696	27,195	13,650	214,397	3	22
106,345	44,089	30,611	26,489	15,185	222,719	3	29
106,116	43,888	30,970	24,861	18,255	224,090	3	5 Jan., 1905.
106,392	43,804	27,611	27,486	13,826	219,119	3	12
106,844	43,930	27,011	27,580	13,876	219,241	3	19
107,708	44,056	25,565	27,151	14,064	218,544	3	26
107,948	44,021	31,640	27,638	14,002	225,249	3	2 Feb.
110,168	44,122	24,817	27,254	13,994	220,355	3	9
112,523	44,097	23,741	26,996	14,173	221,530	3	16
112,837	44,180	23,806	26,539	13,936	221,248	3	23
112,230	44,083	26,886	26,504	14,061	223,764	3	2 Mar.
111,740	44,012	21,693	26,725	14,035	218,205	3	9
111,094	43,992	21,279	26,395	14,178	216,938	3	16
110,723	44,039	20,507	26,237	14,033	215,539	3	23
110,611	44,022	25,401	26,035	15,206	221,275	3	30
110,720	44,030	23,362	26,892	14,194	219,198	3	6 April
110,876	43,897	28,345	31,716	14,165	228,999	3	13
111,170	44,036	26,986	26,369	14,119	222,680	3	20
111,747	43,942	29,751	25,708	14,233	225,381	3	27
111,961	44,121	30,662	26,689	14,304	227,737	3	4 May
114,123	44,126	22,016	26,014	14,296	220,575	3	11
114,711	44,273	21,318	25,933	14,309	220,544	3	18
114,826	44,360	20,568	25,737	14,292	219,783	3	25
114,645	44,348	24,714	25,919	14,682	224,308	3	2 June
114,676	44,420	18,811	26,366	14,371	218,644	3	8
114,482	44,317	20,050	25,857	15,391	219,097	3	15
115,305	44,497	19,305	26,397	14,429	219,933	3	22
115,353	44,415	25,170	26,332	16,832	228,102	3	29
115,584	44,469	22,958	27,740	14,174	224,925	3	6 July
116,110	44,344	22,226	26,521	13,739	222,940	3	13
116,928	44,387	22,403	26,429	13,637	223,784	3	20
117,334	44,404	23,715	26,063	13,785	225,301	3	27
117,455	44,395	26,681	26,360	13,678	223,569	3	3 Aug.
118,242	44,405	19,071	26,061	13,668	221,447	3	10
118,455	44,332	19,285	25,878	13,630	221,580	3	17
118,766	44,386	18,893	25,839	13,560	221,444	3	24
118,845	44,332	26,950	25,783	14,078	229,988	3	31
118,977	44,292	19,220	26,371	13,644	222,504	3	7 Sept.
118,899	44,142	20,415	26,020	13,694	223,170	3	14
118,786	44,223	20,482	26,224	13,656	223,376	3	21
118,482	44,105	25,215	25,750	14,198	227,750	3	28
117,596	43,936	25,730	26,916	15,024	229,202	3	5 Oct.
116,949	43,762	26,242	26,290	13,791	227,034	3	12
116,787	43,814	30,137	26,420	13,810	230,968	3	19
116,629	43,811	28,240	26,179	14,945	229,804	3	26

NOTE ISSUES IN THE UNITED KINGDOM.

MONTHLY AVERAGES.

In £'s sterling, 000 omitted, thus :—£1,000=£1,000,000.

FOUR WEEKS ENDING	ENGLAND AND WALES.				SCOTLAND.	IRELAND.	Total Note Circulation in the United Kingdom.
	Bank of England.	Private Banks.	Joint Stock Banks.	Total Note Circulation in England and Wales.	Total	Total.	
	<i>Present Fixed Issues, £</i> 18,450,000.	<i>Present Fixed Issues, £</i> 656,512.	<i>Present Fixed Issues, £</i> 1,039,440.	<i>Present Fixed Issues, £</i> 20,205,952	<i>Present Fixed Issues, £</i> 2,676,350.	<i>Present Fixed Issues, £</i> 6,354,494.	<i>Present Fixed Issues, £</i> 29,237,796.
	1	2	3	4	5	6	7
	£	£	£	£	£	£	£
1904.—Sep. 24	28,297	160	445	28,902	7,892	6,351	42,645
Oct. 22	28,364	171	486	29,021	7,508	6,957	43,486
Nov. 19	27,967	171	494	28,632	7,901	7,276	43,809
Dec. 17	27,786	177	479	28,442	7,906	6,781	43,129
1905.—Jan. 14	28,291	157	460	28,908	7,375	6,346	42,629
Feb. 11	27,475	152	442	28,069	6,902	6,329	41,300
Mar. 11	27,244	150	434	27,828	6,819	6,327	40,974
April 8	27,762	155	453	28,370	7,006	6,453	41,829
May 6	28,841	160	476	29,477	7,414	6,892	43,783
June 3	29,008	159	468	29,635	8,062	6,469	44,166
July 1	29,353	151	439	29,943	7,568	6,157	43,663
„ 29	30,289	146	419	30,804	7,434	6,051	44,289
Aug. 26	29,650	141	402	30,193	7,244	5,946	43,383

COMPARISON OF THE POSITION OF THE FIXED ISSUES IN THE UNITED KINGDOM.

AUTHORISED ISSUES BY THE ACTS OF 1844 AND 1845.	POSITION OF THE AUTHORISED ISSUES, AUGUST 26th, 1905.
ENGLAND—Bank of England...£14,000,000	ENGLAND—Bank of England £14,000,000 1855—Dec. 7th 475,000 1861—July 10th 175,000 1866—Feb. 21st 350,000 1881—April 1st 750,000 1887—Sept. 15th 450,000 1890—Feb. 8th 250,000 1894—Jan. 29th 350,000 1900—Mar. 3rd 975,000 1902—Aug. 11th 400,000 1903—Aug. 10th 275,000 <hr/> 18,450,000
207 Private Banks £5,153,417 72 Joint Stock Banks ... 3,478,230 <hr/> 8,631,647	16 Private Banks 656,512 18 Joint Stock Banks ... 1,099,440 <hr/> 1,755,952
£22,631,647	£20,205,952
SCOTLAND—19 Joint Stock Banks 3,087,209	SCOTLAND—10 Joint Stock Banks 2,676,350
IRELAND—8 do. do. 6,354,494	IRELAND—6 do. do. 6,354,494
£32,073,350	£29,236,796

The following Table shows the gross amount of notes issued in the United Kingdom on the 26th August, 1905 :—

ENGLAND—Bank of England, upon Security £18,450,000 Upon gold bullion and coin 35,055,305	53,505,305
16 Private Banks upon their own credit ... 140,827	
18 Joint Stock Banks do. ... 400,560	541,387
SCOTLAND—10 Joint Stock Banks upon their own credit... 2,350,651†	
Upon gold and silver coin 4,841,966	7,192,617
IRELAND—6 Joint Stock Banks upon their own credit... 3,811,698†	
Upon gold and silver coin 1,989,122	5,800,820
Total amount of notes issued in the United Kingdom ... £67,040,129*	

* Of the total amount of £53,505,305 issued by the Bank of England from the Issue Department £34,403,375 was held by the Bank of England in the Banking Department. Deducting this from the total issue, it leaves £42,636,754 as the actual circulation of notes in the United Kingdom on the above date.

† It will be seen from these figures that the issues upon credit of certain Scotch and Irish Banks are below their limits authorised by the Acts of 1845.

RATES OF INTEREST ON FIXED DEPOSITS.

THE subjoined table exhibits the rates of interest on deposits in London for fixed periods, allowed by the following Indian and Colonial Banks :—

Bank.	One Year.	Two Years.	Three Years.	
African Banking Corp., Ltd...	4	4	4	
Bank of Adelaide	3	3	3	3 % for 4 and 5 years.
Bank of Africa, Limited	4	4	*	
Bank of Australasia... ..	3	3½	*	
Bank of British North America	3	3	3	
Bank of Mauritius	4	*	*	
Bank of New South Wales ...	3	3½	*	£200 and upwards.
Bank of Victoria, Limited ...	3½	4	4	
Chartered Bank of India, Australia, and China	3½	*	*	3 % for 6 or 9 months.
Commercial Bank of Australia, Limited	3½	3½	3½	
Commercial Bank of Sydney ...	3	3½	*	
Delhi and London Bank, Ltd....	4	*	*	2 % for 3 months and 3 % for 6 months.
Hong Kong and Shanghai Bank	3½	*	*	
London Bank of Australia ...	3½	3½	*	
Mercantile Bank of India ...	4	4	4	3½ % for 6 months.
Natal Bank, Limited	4	4	4	
National Bank of Australasia...	3	3½	*	
National Bank of India, Ltd. ...	3½	*	*	3 % for 6 months.
National Bank of New Zealand, Limited	3½	3½	3½	
Queensland National Bank, Ltd.	3	3	3½	3½ % for 4 or 5 years.
Royal Bank of Queensland, Ltd.	3½	4	4	4 % for 4 years.
Standard Bank of South Africa, Limited	3½	*	*	3 % for 6 months.
Union Bank of Australia, Ltd.	3½	3½	3½	3½ % for 4 or 5 years.

* Deposits not received for these periods.

London, 29th November, 1905.

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INTERPRETERS IN UNIFORM

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THOS. COOK & SON represent the principal Insurance Companies for effecting Life, Fire and Burglary Insurance, and also for effecting Insurance against accidents of all kinds.

BANKING.

FIFTY-FIRST REPORT of The Yokohama Specie Bank, Ltd.

(Yokohama Shokin Ginko.)

Presented to the Shareholders

At the HALF-YEARLY ORDINARY GENERAL MEETING,
Held at the Head Office, Yokohama,

. . . ON . . .

Saturday, 9th September, 1905.

CAPITAL SUBSCRIBED-	-	-	-	-	-	Yen 24,000,000
CAPITAL PAID UP -	-	-	-	-	-	Yen 18,000,000
RESERVE FUND	-	-	-	-	-	Yen 9,940,000

Directors :

NAGATANE SOMA, Esq.

KAMENOSUKE MISAKI, Esq.

KOKICHI SONODA, Esq.

RIYEMON KIMURA, Esq.

ROKURO HARA, Esq.

IPPPEI WAKAO, Esq.

YUKI YAMAKAWA, Esq.

President :

NAGATANE SOMA, Esq.

Vice-President :

KAMENOSUKE MISAKI, Esq.

Branch Offices :

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PEKING.

SHANGHAI.

TIELING.

TIENTSIN.

BOMBAY.

LONDON.

LYONS.

Head Office: YOKOHAMA.

TO THE SHAREHOLDERS.

Gentlemen,

The Directors submit to you the annexed Statement of the Liabilities and Assets of the Bank, and Profit and Loss Account for the Half-year ending June 30th, 1905.

The Gross Profits of the Bank for the past Half-year, including yen 529,922.⁰⁰ brought forward from last Accounts, amount to yen 8,340,221.⁰⁰, of which yen 6,230,500.⁰⁰ have been deducted for Current Expenses, Interests, etc., leaving a balance of yen 2,109,720.⁰⁰.

The Directors now propose that yen 220,000.⁰⁰ be added to the Reserve Fund, raising it to yen 9,940,000.⁰⁰, and that yen 200,000.⁰⁰ be placed to the silver funds. From the remainder the Directors recommend a Dividend at the rate of Twelve per Cent. per Annum, which will absorb yen 720,000.⁰⁰ on old shares and yen 860,000.⁰⁰ on new shares, making a total of yen 1,080,000.⁰⁰.

The Balance, yen 609,720.⁰⁰, will be carried forward to the credit of next Account.

HEAD OFFICE, YOKOHAMA,
9th September, 1905.

NAGATANE SOMA,
Chairman.

BANKING.

The Yokohama Specie Bank, Limited.

(Yokohama Shokin Ginko.)

BALANCE SHEET, 30th June, 1905.

LIABILITIES.		ASSETS.	
	Y.		Y.
Capital paid up	18,000,000.000	Cash Account—	
Reserve Fund	9,790,000.000	In Hand ...	8,794,440.973
Reserve for Doubtful Debts ...	108,007.140	At Bankers ...	12,867,853.000 21,592,294.033
Reserve for Depreciation of Bank's Premises, Properties, Furniture, etc.	152,448.700	Investments in Public Securities	18,378,448.500
Reserve for Silver Funds ...	600,000.000	Bills discounted, Loans, Ad- vances, etc.	77,235,045.400
Deposits (Current, Fixed, etc.)	99,695,783.335	Bills Receivable, and other Sums due to the Bank ...	131,237,941.000
Bills Payable, Bills Rediscount- ed, Acceptances, and other Sums due by the Bank ...	120,276,692.040	Bullion and Foreign Money ...	546,064.500
Dividends Unclaimed	6,079.520	Bank's Premises, Properties, Furniture, etc.	1,678,937.870
Amount brought forward from last Account	529,922.383		
Net Profit for the past Half-year	1,579,788.335		
	<u>Yen 250,668,731.793</u>		<u>Yen 250,668,731.793</u>

PROFIT AND LOSS ACCOUNT.

	Y.		Y.
To Current Expenses, Interests, etc.	6,230,500.701	By Balance brought forward 31st December, 1904	529,922.383
To Reserve Fund	220,000.000	By Amount of Gross Profits for the Half-year ending 30th June, 1905	7,810,299.086
To Reserve for Silver Funds ...	200,000.000		
To Dividend— yen 6.000 per Share for 120,000 Old Shares = yen 720,000.000; and yen 3.000 per Share for 120,000 New Shares = yen 360,000.000	1,080,000.000		
To Balance carried forward to next Account	609,720.700		
	<u>Yen 8,340,221.400</u>		<u>Yen 8,340,221.400</u>

We have examined the above Accounts in detail, with the Books and Vouchers of the Bank and the Returns from the Branches and Agencies, and find them to be correct. We have further inspected the Securities, etc., of the Bank, and also those held on account of Loans, Advances, etc., and find them all to be in accordance with the Books and Accounts of the Bank.

NOBUO TAJIMA,
FUKUSABURO WATANABE, } Auditors.

BANKING.

London & South Western Bank, LIMITED.

AUTHORISED CAPITAL, £3,000,000.

SUBSCRIBED CAPITAL £2,500,000, IN 50,000 SHARES OF £50 EACH.

PAID-UP CAPITAL, £1,000,000. RESERVE FUND, £1,000,000.

Directors:

HON. FREDERIC W. ANSON.

SIR FORTESCUE FLANNERY,

BART., M.P.

RT. HON. LORD CLAUD J. HAMILTON.

W. M. MACKENZIE, Esq.

C. W. PRESCOTT-WESTCAR, Esq.

HENRY WETHERED, Esq.

General Manager: JOHN WILLIAMS.

Assistant General Manager: JOHN LISCOMBE.

City Manager: ARTHUR H. P. DALE.

Chief Inspector: JOHN A. ANDERSON.

Secretary: HERBERT POTTER.

Head Office:—170, FENCHURCH STREET, E.O.

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ADDISCOMBE
ANERLEY
BALHAM
BARKING
BARNES
BATTERSEA
BATTERSEA PARK
BAYSWATER
BERMONDSEY
BISHOPSGATE
BLOOMSBURY
BOROUGH
BOW
BRIXTON HILL
BRIXTON, NORTH
BRIXTON, SOUTH
BROMPTON ROAD
BRONDESBURY
CAMBERWELL
CAMDEN TOWN
CATFORD
CHARLTON
CHEAPSIDE
CHELSEA
CHRISWICK
CLAPHAM
CLAPHAM JUNCTION
CLAPTON
CLERKENWELL
COLEMAN STREET
CRICKLEWOOD
CROFTON PARK, BROOKLEY
CROYDON
CROYDON, SOUTH
DULWICH
DULWICH, EAST
EALING
EALING WEST
EARL'S COURT and
EARLSFIELD (KENSINGTON)
EAST HAM
FINCHLEY, CHURCH END

BOURNEMOUTH
BRIGHTON
BRISTOL
EASTBOURNE
EAST MOLESLEY
EDWARE
ELTHAM
HARROW
HASTINGS & ST. LEONARDS
HENDON

FINCHLEY, EAST
FINCHLEY PARK
FINCHLEY STREET
FOREST GATE
FOREST HILL
FULHAM
GREAT PORTLAND STREET
HACKNEY
HAMMERSMITH
HAMPSTEAD
HAMPSTEAD, SOUTH
HAMPSTEAD, WEST, and
FROGNAL
HANWELL-ELTHORNE
HARLESDEN
HARROW ROAD
HIGHGATE
HOLLAND PARK
HOLLOWAY
HOLLOWAY, UPPER
HORNSEY
ILFORD
ISLINGTON
KENSINGTON
KENSAL RISE
KENTISH TOWN
KEW BRIDGE
KILBURN
KING'S CROSS
LAVENDER HILL
LEE GREEN
LEYTON
MANOR PARK
MERTON and S. WIMBLEDON
MILE END
MINORITIES
MORTLAKE
NEW CROSS
NEW CROSS GATE
NORBURY

COUNTRY BRANCHES.

HENDON, WEST
HOVE
KINGSTON HILL
KINGSTON-ON-THAMES
NEW BARNET
NEW MALDEN
OTTERTY ST. MARY
READING

SUB-BRANCHES.

BURNLEY (to Watford)
ROBINSON (to Ottery St. Mary)

STANMORE (to Harrow)
WENTSTONE (to Finchley, Church End)

Current Accounts are opened on the terms usually adopted by Bankers.
Deposits of £10 and upwards are received, subject to seven days' notice of withdrawal, and interest is allowed thereon at the rate advertised by the Bank in the London Newspapers from time to time.

Customers may pay in at any of the numerous Offices of the Bank, or at Branches of Lloyds Bank, Limited, for the credit of their accounts at Head Office or at any Branch.

The Agency of Country and Foreign Banks is undertaken, and every description of Banking business transacted.

Investments and sales of all descriptions of British and Foreign Securities, &c., are effected, and Dividends and Military and other Pay and Allowances are received. Ample Strong Room accommodation is provided for custody of Securities, Plate, &c.

Drafts on Demand, Circular Notes, and Letters of Credit, payable at the principal Towns abroad, also Canadian and United States Currency Drafts, are issued.

The Officers and Clerks of the Bank are bound not to disclose the transactions of any of its customers.

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NORWOOD, UPPER
NORWOOD, WEST
NOTTING HILL
OXFORD STREET
PECKHAM
POPLAR
PUTNEY
REGENT STREET
ST. JOHN'S WOOD
SHEPHERD'S BUSH
SHOREDITCH
SOUTHWARK
STEPNEY
STOCKWELL
STRAND
STREATHAM
STREATHAM COMMON
STROUD GREEN
SUTTON
SYDENHAM
TOOTING
TULSE HILL
UPTON PARK
VAUXHALL
WALHAM GREEN
WALLINGTON and
CARSHALTON
WALTHAMSTOW, ROSE ST.
ST. JAMES'S ST.

WALWORTH
WANDSWORTH
WANSTEAD
WEST BROMPTON
WEST KENSINGTON
WESTMINSTER
WEST SMITHFIELD
WILLESDEN GREEN
WIMBLEDON
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WOODFORD
WOOD GREEN

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SOUTHEAST-ON-SEA
SUDBURY and WEMBLEY
SURBITON
TWICKENHAM
WALTON-ON-THAMES
WATFORD
WEALDSTONE
WOKING

BANKING.

LONDON AND COUNTY BANKING COMPANY, LIMITED.

Registered under the Companies' Acts.

ESTABLISHED IN 1836.

**Capital £8,000,000, in 100,000 Shares
of £80 each.**

Paid-up Capital	...	...	...	...	£2,000,000
Reserve Fund	...	...	...	...	£1,400,000

DIRECTORS.

JOHN ANNAN BRYOR, Esq.	WILLIAM HOWARD, Esq.
JOHN JAMES CATER, Esq.	WILLIAM EGBERTON HUBBARD, Esq.
ERNEST HALIBURTON GUNARD, Esq.	Sir THOMAS JACKSON, Bart.
Hon. GEORGE JOACHIM GOSCHEN, M.P.	WM. McKEWAN, Esq. (Honorary Director).
CHARLES SEYMOUR GREENWELL, Esq.	OSWALD CECIL MAGNIAO, Esq.
CHARLES JOHN HEGAN, Esq.	WILLIAM GAIR RATHBONE, Esq.
CHARLES JAMES CATER SOOTT, Esq.	

HEAD OFFICE: 21, LOMBARD STREET.

Head Office Manager: GEORGE JOHN RODOLPH.

Dep. Head Office Manager: HERMAN RICHARD WYATT.

Country Managers: RICHARD LEMON and WILLIAM GEORGE GRIBBLE.

Chief Inspector: FRANK WILLIAM HOWETT.

Chief Accountant: THEOPHILUS JAMES CARPENTER.

Secretary: FREDERICK JAMES BARTHORPE.

The London & County Banking Company, Limited,

Opens DRAWING ACCOUNTS with Commercial Houses and Private Individuals, upon the plan usually adopted by Bankers.

DEPOSIT ACCOUNTS.—Deposit Receipts are issued for sums of money placed upon these Accounts, and Interest is allowed at such rates as advertised, reference being had to the state of the Money Market.

CIRCULAR NOTES and LETTERS OF CREDIT are issued payable in the principal Cities and Towns of the Continent. Letters of Credit are also issued payable in Australia, Canada, India, China, the United States, and elsewhere.

The Agency of Foreign and Country Banks is undertaken.

The *Purchase and Sale* of Government and other Stocks, also of English and Foreign Shares, are effected. *Dividends, Annuities, &c.*, are received for Customers of the Bank.

Great facilities are afforded to the Customers of the Bank for the receipt of money both from and in the Towns where the Company has Branches.

The following Banks will receive and transmit, free of charge, credits for customers of this Bank:—Barclay & Co., Ltd., Capital and Counties Bank, Ltd., Lloyds Bank, Ltd., London City and Midland Bank, Ltd., and National Provincial Bank of England, Ltd.

The Officers of the Bank are bound not to disclose the transactions of any of its Customers.

By Order of the Directors,

F. J. BARTHORPE, *Secretary.*

BANKING.

The Capital & Counties Bank, Limited.

ESTABLISHED 1834.

Subscribed Capital, £7,625,000.

Paid-up Capital, £1,525,000. Reserve Fund, £900,000.

Directors:

MARQUIS OF AILESBURY.
SIR LIONEL E. DARELL, Bart.
JOHN C. DAUBUZ, Esq.
GEORGE EDWARD FOSTER, Esq.
WILLIAM GARFIT, Esq., M.P.
SIR JOHN T. GOLDNEY.

EDWIN HENTY, Esq.
HERBERT J. W. JERVIS, Esq.
SIR HENRY KIMBER, Bart., M.P.
WILLIAM LANE-CLAYTON, Esq.
EDWARD BAYERSTOCK MERRIMAN, Esq.
JOSIAH T. SMITH, Esq.

Head Office: 39, Threadneedle Street, London.

G. A. HARVEY and E. D. VAISEY, Joint General Managers.

R. C. HENDERSON, City Manager.

ARCHIBALD F. SIMPSON, Country Manager.

J. J. MACDONALD, Chief Accountant.

W. H. GILLET, Chief Inspector of Branches.

FRANK W. ROSE, Secretary.

METROPOLITAN BRANCHES.

COVENT GARDEN, 25, King Street, W.C.
FORE STREET, 115, Fore Street, E.C.
KINGSTON, 24, Upper Street, W.
KING'S CROSS, 94, Gray's Inn Road, W.C.
LUDGATE HILL, 26, Ludgate Hill, E.C.
NEWINGTON, 121 & 123, Newington Causeway, S.E.
OXFORD STREET, 125, Oxford Street, W.

FADDINGTON, 195, Edgware Road, W.
FIDDLERS LANE, 24, Fiddlers Lane, W.
ST. GEORGE'S, 117, The Arcade, Commercial Rd., E.
SHOREDITCH, 145, High Street, E.
TEMPLE BAR, 22, Fleet Street, E.C.
WESTMINSTER, 22, Victoria Street, S.W.
WOOLWICH, 20, Greens End, Woolwich, S.E.

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TERTFORD
TITLAND BAY
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TRURO
TUNBRIDGE WELL
VENTNOR
WADEBRIDGE
WARMISTON
WELLINGBOROUGH
WESTBURY (Wilts)
WESTCLIFF-ON-SEA
WESTON-SUPER-MARE
WEYMOUTH
WHITSTABLE
WINCHESTER
WIRKSWORTH
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Dividends and Coupons collected. Investments in and Sales of Home and Foreign Securities effected. Money received and advised for customers free of charge between all the above offices.

Circular Notes and Letters of Credit are issued, payable in the principal Cities and Towns of the Continent, and Letters of Credit are also issued payable in America, New Zealand, Australia, and elsewhere. The Agency of Foreign and Country Banks is undertaken.

The Officers of the Bank are bound to secrecy.

INSURANCE.

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FOR THE SECURITY OF

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CHAS. R. WRIGHT, Secretary.

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Miscellaneous Advertisements.

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in unrepresented districts for the Imperial Accident, Live Stock and General Insurance Company, Limited. Estd. 1878. Personal Accidents, Carriage and Drivers' Accidents, Farmers' Liability (for Accidents to Labourers), Horse & Cattle Insurance. Claims paid £300,000. Address Mr. B. S. Essex, Manager, 17, Pall Mall East, London, S.W.

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Institute of Bankers.

MR. E. C. ROBINSON,
M.A. LOND., LL.B. LOND.

(Göteborgs Prisen i Politisk Ökonomi,
First Class Honourman in Law, &c., Author of
"Text-Book of Political Economy")

Aided by highly qualified Assistants, undertakes the Tuition of Candidates for the above Examinations.

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**5, King's Bench Walk,
Temple, E.C.**

FINANCE.

LAW REVERSIONARY INTEREST SOCIETY,

.. LIMITED ..

Chairman—CHAS. ROBERT RIVINGTON, Esq., J.P., D.L.
Deputy-Chairman—The Rt. Hon. J. W. KELLOR, K.C.

Capital Stock, £400,000.

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LIFE INTERESTS PURCHASED.
Advances made thereon.

. Thanet House, .
231-232, Strand, London, W.G.

Opposite the Law Courts.
Removed from No. 24, Lincoln's Inn Fields, W.C.

ESTABLISHED 1853.

Debenture Stock, £278,130.

*Forms of Proposal and full information can
be obtained at the Society's Office.*

W. OSCAR NASH, F.I.A.,
Actuary and Secretary.

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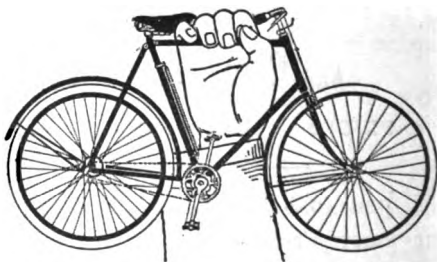
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The Examination will take place in January, 1906, and Prizes in Books will be awarded.

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EXAMINATIONS, 1906.

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(For Elections, *see* previous page.)

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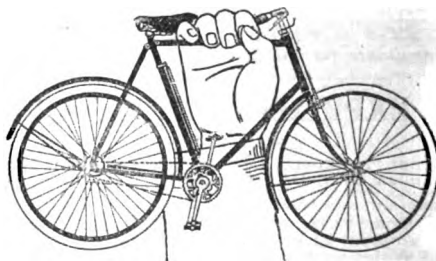
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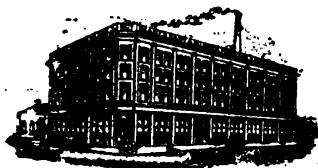
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